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for CONSTRUCTION

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL
Direct elections clash averted
Under strong pressure from anti-Marketters in the Cabinet, Mr. James Callaghan last night conceded a free vote for all Government Ministers on the European direct elections Bill to be introduced in the Commons next month.

The Prime Minister made it clear that Ministers would not be allowed to campaign against the legislation. "I don't mind suffering embarrassment but I won't make a fool of myself," he declared.

Mr. Callaghan, who faced threats of resignation among the six Cabinet Ministers and 21 junior Ministers who are firmly opposed to direct elections, appealed to them to confirm their protest vote to the Bill's second reading.

BUSINESS
Equities rise 7.3; gilts advance
● **EQUITIES** gained ground, but the volume of business still disappointed. The FT 30-Share Index closed at the day's best of 455.4, up 7.3.

● **SHORT-DATED GILTS** were more active, with rises extending to 1 and better in afternoon trading. The FT Government Securities Index firmed 0.4 to 68.67.

● **STERLING** edged down 3 points to close at \$17.91, while its trade-weighted index was unchanged at 61.5. Dollar's trade-weighted depreciation narrowed to 1.14 (1.21) per cent.

● **GOLD** fell a further 62½¢ to close at \$137.625, the lowest closing level since February 21.

● **COFFEE** prices recovered after the sharp decline lately.

Yugoslavs held hostage in NY
Three armed Croatian nationalists stormed the Yugoslav mission to the UN in New York and took several people hostage. A Yugoslav was shot and rushed to hospital.

Bhutto concedes new elections
Mr. Zulfikar Ali Bhutto, the Pakistan Prime Minister, admitting defeat in a three-month post-election struggle with the opposition, said new General Elections would be held before the end of the year. Back Page

Hard-line front
Israel's Democratic Movement for Change has decided not to join Mr. Menachem Begin's new coalition, which will comprise nationalist and religious wings with a very hard-line policy on the occupied territories. Back Page; Editorial Comment, Page 18

Games accord
The Commonwealth Conference seems to have removed the threat of an African boycott at next year's Commonwealth Games in Canada by drawing up a compromise statement committing Governments to discourage sporting contacts with South Africa. Page 6

Forum revealed
Post Office engineers, having a telephone cable buried 15 feet below Gracechurch Street in the City of London, have discovered the site of the Roman Forum, complete with a basilica, the temple of St. Paul's, Men and Matters, Page 18

Ten given bail
Six insurance brokers and an accountant were among ten men remanded on £37,500 bail until October at Old Street Court, accused of plotting to steal cash from three London firms of insurance brokers, Shannon, Harland, and Fiverville and Paintings, Page 6

Paintings found
Scotland Yard's Flying Squad recovered 16 paintings, valued at more than £1m, including a Raphael stolen in France, in London raids yesterday. Two men were being questioned at Kensington police station.

Briefly
Rugby: The British Lions were beaten 21-9 by New Zealand Universities in the first defeat of their tour. The first international is on Saturday.

Thames: Television production assistants voted to go back to work, ending a month-long strike during which the studio has produced no live programmes.

Lord Arran's Sexual Offences (Amendment) Bill to lower the age of consent for homosexual acts to 18, was rejected in the Lords by 145 to 25.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

Land Secs.	196	+ 5
Lucas Inds.	301	+ 11
Mixconcrete	66	+ 5
Ratners (Jewellers)	80	+ 12
Reckitt and Colman	242	+ 8
Royal Insurance	42	+ 5
Spain (S.)	42	+ 5
Storey Bros.	89	+ 5
Tate and Lyle	232	+ 6
Unilever	492	+ 10
Union Discount	225	+ 3
United Scientific	148	+ 12
Wickes	189	+ 6
Oil Explor.	178	+ 9
Northgate Explor.	450	+ 50

RISERS

Leas. 31pc 1950	599	+ 1
Leas. 31pc 79-81	588	+ 1
Alpine Soft Drinks	89	+ 11
Automatic Products	82	+ 5
Caverbrook A	46	+ 5
Handell Permeoglass	52	+ 5
Rowen (J.)	210	+ 8
Slimer (H.P.)	165	+ 4
Wagon Int'l	182	+ 7
United Stampings	132	+ 9
Went-Coxcomb-Marx	300	+ 10
Wolup	109	+ 4
Worrenson A	450	+ 17
Worrenson B	50	+ 5
Worrenson C	62	+ 25
Worrenson D	108	+ 7
Worrenson E	125	+ 6
Worrenson F	305	+ 6

FALLS

Berkley Hambro	115	- 12
BP	570	- 14
Anglo-American	240	- 10
East Driefontein	480	- 18
Rustenburg Plat.	80	- 5
Southvaal	380	- 15

London merchant banks underwrite total BP offer

BY MARGARET REID

The whole of the 17 per cent. share interest of 66.79m. shares in British Petroleum being sold by the Government for £564m. from the State's 68 per cent. holding was underwritten by ten London-merchant banks before 3 pm yesterday.

The assurance of the successful conclusion of the disposal—the largest share sale ever made—ahead of the coming offer of shares to the public at 545p each, and in advance of the expected withdrawal of some 25 per cent. of the shares for sale to American investors.

In London, the signs were that the underwriting, in which a wide range of banks and institutions, including some foreign ones, participated, as sub-underwriters had been sought. Mr. John Page, Chief Cashier of the Bank of England, which is making the sale on the Government's behalf, said: "This is a unique operation which we were charged by the Treasury as its banker to undertake. The sub-underwriting (now the underwriting) is complete and the price seems to have been very nicely judged in relation to obtaining a sub-underwriting from a variety of institutions."

BP's shares last night closed 14p down on the day at 870p.

To make the public offer more attractive, the Government is asking prospective buyers to put up only £3 for each share with their applications, due by June 24. The remaining £5.45 would not have to be paid until December 6.

Special blue application forms, will be available through post offices and banks for occupational pension funds. This will assure priority treatment for these in the allocation of the shares if the offer is oversubscribed. BP employees will also get priority application forms in green.

An important feature of the sale arrangement, designed to give the unprecedentedly large offer additional appeal to institutions, is that underwriters who apply early for shares up to half of their underwriting commitment will also get priority treatment when shares are allocated. They will also receive a commission of 1 per cent. of the full purchase price of shares they put in for.

A consortium of five U.S. investment banks, led by Morgan Stanley, is expected to make a bid to the Bank of England for about 25 per cent. of the shares on offer, by June 27, the date when shares will be allotted. The price they offer must be at least equal to the London offer price.

With necessary adjustments, and may be more assuming the sale is finalised, an equivalent quantity of shares will be withdrawn from the London offer.

A prospectus for the North American sale was lodged with the Securities and Exchange Commission last night and the five U.S. banks are forming an underwriting group with a view to bidding for the stock.

The U.S. banks are now starting on the process of developing

Finance Bill given crushing defeats

By John Hunt, Parliamentary Correspondent

THE GOVERNMENT suffered four crushing defeats on the committee stage of the Finance Bill last night when the Tories combined with two rebel Left-wing MPs to force through amendments increasing the personal tax allowances introduced in the Budget.

The Left-wingers, Mr. Jeff Rooker (Perry Barr) and Mrs. Audrey Wise (Coveyouth South-west), supported two Tory amendments raising the tax thresholds for married and single people. Many of the Tories then backed two amendments from Mr. Rooker increasing the tax allowance for old-age pensioners who are still employed.

The defeats strike at the heart of the Budget strategy of Mr. Denis Healey, Chancellor of the Exchequer. They make it far more difficult for him to achieve any sort of pay agreement with the unions based on the promised reduction from 35 to 33 per cent. in the basic tax rate.

Mr. Joel Barnett, Chief Secretary to the Treasury, said after the result that it was "an appalling irresponsible move on the part of the Conservatives" and that at a time when the Government was trying to negotiate a new agreement with the unions.

The changes carried in the amendments would cost the Government an additional £450m. in lost revenue. This is nearly half the £1bn. which would be involved in the contingent reduction to 33p in the basic tax rate.

The Government will find it extremely difficult to delete the amendments at the report stage of the Bill if, as seems likely, a considerable body of Left-wingers voted with the Tories.

The loss of such a large amount of revenue would throw doubts on whether the Government could afford the £1bn. for the promised cut in the basic rate. When this question was put to Mr. Barnett last night he did not deny it but contented himself with saying that the Government would now have to consider "all possibilities."

The chief secretary made no secret of the fact that he was furious about the defeat of the two Left-wingers. He declared: "I am certainly not very happy at the fact that two Labour MPs voted with the Conservatives."

Mr. David Howell, the Conservative Treasury spokesman who is leading the Tory attack in the committee, said after the defeat: "The Chancellor has now lost all the central part of the Budget strategy. A Government that cannot control taxation does not deserve to govern at all."

Concorde hit by new U.S. court ruling

BY JOHN WYLES NEW YORK, June 14.

A U.S. Federal appeals court today cast fresh uncertainty over Concorde's prospects of winning landing rights at New York's Kennedy Airport by overturning a lower court ruling that the existing ban on the supersonic aircraft is unconstitutional.

This unanimous decision by three appeals court judges dispels the earlier optimism that British Airways and Air France could be operating commercial flights into New York by mid-summer.

Their view appeared to be that "we have lost a battle but not the war." But a continuing slog through the U.S. courts appears to be in prospect.

In deciding their tactics over the next two to three days the airlines and their lawyers have a choice of either appealing against today's decision to the U.S. Supreme Court, or of immediately complying with the appeal court's ruling that there should be a fresh hearing in the district court whose decision in May raised hopes that the skies were clearing for Concorde.

To-day's judgment took issue with District Judge Milton Pollack's finding that the New York and New Jersey Port Authority had no right to ban Concorde once the Federal Government had decided the aircraft should be allowed to fly into Washington and New York for a 16-month trial period from March, 1976.

Explicitly, the appeal court found that the Department of Transportation had no intention of pre-empting the port authority's responsibility for regulating flights into Kennedy. Implicitly, the judgment appears to suggest that the Federal Government had no such power.

This is very much in line with the Justice Department's brief filed with the court a week ago and which appeared to offer no support for the basis on which Judge Pollack had supported Concorde.

But in calling for a re-hearing in the district court the judges have focused on the Justice Department's view that the port authority had been acting in an "unfair, dilatory, arbitrary, and unreasonable manner."

Specifically, the appeal court wants a hearing on whether the port authority's 12-month delay in fixing reasonable noise regulations for Concorde "is so excessive as to constitute unfair discrimination" against the two airlines.

The airlines believe that there have been very real reasons why Judge Pollack would acquit rule in their favour and that the port authority would then have some difficulty in fixing noise

TUC leaders hang back on post-Phase 2 policy

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

TUC LEADERS are reluctant to talk about any future pay norms in spite of the intention to discuss them in the coming year. They were put in Phase One and Two. "We are not talking about a Phase Three, or any highly structured or restrictive formula like that."

"We are certainly talking about options protecting living standards in the coming year but not cashing up with the fall in their living standards in the past year."

During the meeting it was decided to press the Chancellor for a mini-Budget in July. Rejection, coupled with more price controls, is seen as the only way the Government can hope to stop the dam bursting at the end of July and to keep post-Phase Two settlements at "reasonable" levels.

Mr. Len Murray, TUC general secretary, mapped out the unions' strategy after yesterday's meeting of the TUC executive committee. The committee is expected to start full negotiations with the Chancellor probably next Tuesday.

Asked whether pay norms had been discussed, he said they had. But, he added: "The general council's view is that it would not be particularly helpful to announce in the coming year that we were putting in Phase One and Two."

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Lancia raises car prices 3-8%

LANCIA IS to-day ending selling some of its U.K. vehicles with electrically-operated windows as standard.

The change coincides with a price rise of between 3 per cent. and 8 per cent. depending on model type. But electric window lifts will continue to be available as optional extras on some models, costing £170 for the Beta 2000 coupé, £140 for the Beta 2000 coupe and HPE models.

Examples of the new prices: Beta 1300 saloon £3,175 (old price £3,082); Beta 2000 coupe £4,512 (£4,310); Beta Sedan 1600 £4,723 (£4,578); Beta HPE 2000 £5,131 (£4,932).

Socialists poised in Spain poll

BY ROGER MATTHEWS MADRID, June 14.

SPAIN GOES to the polls tomorrow in its first General Election for 41 years, with a Gallup poll published to-day putting Sr. Felipe Gonzalez's Socialist Workers' Party (PSOE) ahead of the Union of the Democratic Centre (UCD), the Government-sponsored alliance headed by Prime Minister Adolfo Suarez.

Even the slightest possibility of the Socialists entering the Government has caused extreme nervousness in official circles. There are also indications of military unease, especially in the Basque provinces and in the north-eastern region of Catalonia.

The poll, conducted by ICSA Gallup for the Catholic news agency, Ya, shows the Socialists leading 29 per cent. of the popular vote, the UCD 26.6, the Communists 5.8 and the Right-wing Popular Alliance just 5.7.

In terms of seats this might put the PSOE and the UCD almost level in the Lower House of the new two-chamber Parliament.

Campaigning ended yesterday in order to give the 23m. electorate 24 hours in which to consider its vote. A firm trend should become established by 4 a.m. on Thursday morning.

The Socialists have fought perhaps the most vigorous campaign of 24 hours have become more than slightly anxious about the enthusiasm of the public. The leadership admits that it is seriously lacking in administrative experience and would face great initial hostility from the armed forces.

Sr. Gonzalez has said that he might be willing to co-operate with the Prime Minister by nominating members to the Cabinet, but under tough conditions, including a significant devolution of powers to the regions.

The main lines of Socialist policy as expressed after their congress this year include a possible takeover of the main banks, a major redistribution of wealth, an expanded public health system, free education for children and a very strong emphasis on trade union freedoms and participation in government process.

Most observers expect the Prime Minister to emerge ahead on Thursday, even if only narrowly, and are equally agreed that the PSOE is Spain's single biggest party with Sr. Gonzalez strengthening his claims to the Premiership some day in the future.

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Teaching facts or opinions

BY ROBERT COLLIN

It is sometimes suggested that one national difficulty is the time to a widespread and particularly British ignorance of the basic facts of business life. If the education system were remodelled to give young people a better understanding of economic and business affairs, the argument runs, the essential role in national life played by industry and commerce would be properly valued...

Intransigent

This problem has been discussed for many years past and is particularly intransigent. It is sometimes asserted, because it goes back a century or more to the time when the country was being concentrated with clearings up some of the worst by-products of the Industrial Revolution and creating a new type of public servant to administer the Empire. But there are undoubtedly some things that could be done to alleviate the situation...

TV Radio

- 5.40 News. 5.50 Nationwide (London and South East only). 6.20 Nationwide. 6.55 "Carry on Screaming" starring Harry Hill Corbett and Kenneth Williams.

F.T. CROSSWORD PUZZLE No. 3405

Crossword puzzle grid with numbers 1-26 and letters A-Z.

- ACROSS 1. Appeared to take carved stone (4, 2). 2. Household cover provided by priest's church (6). 3. Friend has one taken out of church (7).

RACING BY DOMINIC WIGAN

Lady Capulet for Coronation

FWW. MILLER, proves good enough to land a Classic on their recourche debut, and it will be fascinating to see if Lady Capulet, running in the Coronation Stakes, can confirm the enormous promise she showed when landing the Irish 1,000 Guineas in those circumstances.

ROYAL ASCOT

2.30-Sotto Il Vucano. 3.05-Amazande. 3.45-Aliante. 4.20-Lady Capulet. 4.55-Millionaire. 5.30-Tuzupha. Another who will relish the ground is Ian Balding's four-year-old, Turnpike, handily weighted on 7 st 11 lb.

Portrait of wife brings £22,000

A PORTRAIT by pre-Raphaelite William Holman Hunt of his first wife, Fanny, which was sent for sale by their great-grandson, Paul A Court Berge, brought £22,000 in London yesterday.

SALE ROOM BY PAMELA JUDGE

And Continental furniture and decorations. A Kinn Kapu silk animal rug made \$18,000 (£10,468) and a Heriz silk prayer rug went for \$17,000 (£9,888).

LONDON

- 6.40 a.m. Open University. 10.30 Nal Zindagi Naya Jeevan. 11.00 Play School. 1.00 p.m. Tennis and Racing: The Federation Cup and Royal Ascot.

TENNIS BY JOHN BARRETT

Tough Wimbledon draw for Connors and Evert

AMERICANS JIMMY CONNORS and Chris Evert, the two top seeds at evensy Wimbledon, in the fourth round. As usual Buster Mottram, Stan Smith, the 1972 Wimbledon champion who is in commanding form again, into Connors' section.

Awkward match

Mark Cox, the only British male seed at No. 14, has been treated more kindly. If he can win an awkward prospective match in the second round against John Alexander, of Australia, his projected opponent in the fourth round will be the No. 3 seed Guillermo Vilas.

A formidable Federation trio

Mr. Derek Hardwick, by the non-playing American captain, Vilki Verner, and it seems likely that the ceremony will be performed in reverse on Saturday.

Demonstration

Going into the second round the line-up is United States v. Switzerland or Norway; France v. Greece, South Africa v. New Zealand; Netherlands v. Israel; Canada v. West Germany; Brazil v. Australia; Argentina v. Sweden; Korea v. Britain.

GARDENS TO-DAY

An alternative to the true old violet

DO WE BECOME like what we are? An extract from an old gardening book sent to me by a reader gives me cause to wonder. It concerns that popular horror, the heather, and is said to have been the first book on the subject. "Lo, the curtain rises," it begins, "the scene is set with the heather in full bloom; the royal purple mantle has stretched away like a banner, and is meeting the golden sunset, as old Sol retires to rest behind the valley."

Close relation

It is easier to rouse your demand for good violets than to satisfy it. Notoriously, the named varieties are hard to find.

Justified

God, sex and Ireland

by CHRIS DUNKLEY

Normally this column is concerned with television programmes which its readers have already seen, or at any rate could have seen. Occasionally previews programmes which readers are about to be able to see. To-day it is devoted instead to programmes which readers will not, and could not, have seen because somebody somewhere has taken steps to ensure that the public should not see them.

In a lecture entitled "Are The Lamps Going Out?" just published as a booklet by the BBC, Sir Michael Swann, chairman of the BBC governors, says sternly: "Freedom of speech is a sacred right, but it is not a licence to abuse it. It is not a licence to speak in a way which is offensive to the community, to write letters, and to circulate what one has written; all things that are dangerous, to say the least, in a democratic society. And how without free media, is this freedom monitored and maintained? It isn't."

How true.

Here, then, is a small contribution to that monitoring process: details of seven single programmes and one whole series which someone at the BBC or in ITV has decided you are unfit to watch.

One programme in this list was made 12 years ago. Another only last month. There is no suggestion that the list—which is simply arranged in alphabetical order—is exhaustive.

Article Five

A half hour play by Brian Phelan commissioned by the BBC as part of its "topical drama" series three years ago. It has been put about that the work was judged at a high level within the BBC to be "bad art" the implication being that it was suppressed not for reasons of taste or politics but because it was artistically or technically poor. This is nonsense.

It is certainly a horribly vivid and frighteningly thought-provoking play. But it is tightly written, well acted, and quite competent in all technical respects. "Article 5" refers to the passage on torture in the 1948

Universal Declaration Of Human Rights, and certain widely used methods of torture are described and enacted.

The play's worrying message is that because British taxpayers have supported an army in which torture has been taught and used systematically as readily as during the Ulster troubles, each one of us has—by failure to protest—personally condoned the use of torture.

The Balcony

An Open University production of Genet's play which is set in a brothel during a revolution—not a setting designed to excite itself to Annie. Objections to broadcasting the play might seem more rational, however, if the BBC had not already shown Joseph Stieck's movie version of *The Balcony* with, particularly as Stieck's production is noticeably more salacious.

Since there has been more ex-

PLICIT violence in Dr. Who, more explicit sex in Casanova, and a much nastier whipping incident in *One-Eyed Jacks* (which has been televised) it is hard to understand why this play, widely acknowledged as a modern classic, is being suppressed. After all, far from being merely light entertainment it actually poses some searching questions about reality and fantasy, order and anarchy, and the power of church and state.

Brimstone And Treacle

Yet again Dennis Potter has written a play about the intruding devil's side, though this time we are left in no doubt about identity. The devil incarnate, incarnates himself into the Bates household and makes himself invaluable not only by cooking delicious omelettes and making the beds, thus freeing Mrs. Bates to have a hairdo, but also by looking after Patsy—the Joe Egg

type daughter who has been like a vegetable since a road accident.

I suspect that it is not simply the devil's clearly implied raping of Patsy which led to the BBC's ban but the relish with which he goes about it, characterised by his mocking rhyming couplets:

Oh cinnamon and spice
Ain't half so nice
As giving a girlie
The right sort of whirly."

This, of course, shows the devil in the worst possible light and one has to assume that the BBC will only transmit the play after another playwright has shown the devil's nice side, thus providing "balance". *Brimstone And Treacle* is one of the best plays Potter has ever written.

A broadcasting organisation which promotes meretricious rubbish such as *Starsky And Hutch* while banning work as thoughtful and as concerned with morality as this play, is inviting

contempt. Happily the play's copyright will soon be free and I hear that a television company with more guts may than attempt a fresh production.

Censored Scenes From King Kong

Another BBC Play, this one was written four years ago by Howard Schuman before he achieved fame as the creator of *Rock Follies*, and it featured Julie Covington before her allied success, and Beth Porter too. Its suppression is something of a mystery—Schuman was merely told that it was "mainly of a viewing"—and I understand that it might yet get a showing, if only the BBC can find it.

Hang—Out Your Brightest Colours

Kenneth Griffith, the actor who has added directing and producing to his talents and created a unique and admirable form of dramatic documentary in which he tells the story and acts all the roles (as in his superb account of Napoleon's exile, or the American war of independence) made this programme for ATV about the Irish republican leader Michael Collins who was killed more than 50 years ago.

Lord Grade, chairman of ATV, said four years ago: "In view of the present delicate political and military situation in Northern Ireland, I have decided that this is not the time for such a film to be shown in the UK."

Sex In Our Time

Thames were content to sell this, which is detailed in this column last October—to Australia, where it was transmitted mid-evening (a very late night slot was planned for its London showing) without turning it into a mass of winking sex heads.

"This is hardly surprising since the programme, made by Udi Eichler, with Tony Billow and Suki Dickson as presenters, is very much more in the spirit of *Life Night Line* than that of *Sex Only*. Doubtless it is naïve to expect Thames to devote a whole hour a week to serious and detailed discussion of a subject as unimportant and distasteful as (whisper it) s.e.x. when it has such important and tasteful programmes as *Dan August* to transmit where should we all be without our regular

doles of men taking shotgun blasts in the face and so on? Perhaps the thought that anyone should catch Thames promoting discussion of dirty sex aids or unhealthy alternatives to marriage instead of showing clean healthy stuff such as knitting, shooting, hanging and poisoning. *South Of The Border*

Ireland again, and this time—in November 1971—it was the commercial television authority (then still the ICA) and not the production company, Granada, which banned the programme. It comprises interview scenes from five main sources: the annual meeting of the provisional wing of Sinn Féin; straightforward interviews with spokesmen for the Irish Republican Opposition; street scenes; scenes at one of the annual meetings where the British Army blew up the road; and a meeting called by the Irish Labour Party.

It is a sad reflection on the self-censorship now exercised by British television that even today, six years later, this little programme would be an eye-opener for many Britons. Viewers in this country are simply not allowed to see the sort of programmes about Ireland which are shown in Germany, Italy, Scandinavia and America.

The War Game

The most celebrated of all the programmes the BBC has refused to screen, Peter Watkins directed it in 1965, the BBC turned it down in 1966, and Watkins resigned, thereby depriving the BBC of one of its most original and promising talents.

The film shows Watkins' conception of the results of the nuclear bombing of Britain. Ken Tynan wrote that "It may be the most important film ever made. It was at least shown later in the cinema, but to this day it has never been made available to the national television audience."

It is depressing that the subjects of programmes which are being suppressed in the Nineteen-Seventies are so often the very same subjects which have been upsetting the bigots for centuries: god, sex and Ireland. Doubtless we have not seen the end of suppression yet, either.

As part of the monitoring process mentioned by Sir Michael, this index of banned TV programmes will be updated and repeated if — or, almost inevitably, when — necessary.



A still from 'The War Game'

National Film Archive



Nuria Espert and Jose Jaime Espinosa in 'Divinas Palabras', which opened last night at the Lyttelton Theatre

Royal Court Fair Slaughter

Using flashback, contemporary enquiry and a crisp form of telegraphic theatrical confrontation this absorbing new play by Howard Barker documents the mission of a 75-year-old Communist idealist intent on burying the hand of Trotsky's engine driver in the soil of the Murrumbidgee. Barker's outstanding gift for tense dramatic action is on display as he, together with the driver in a prison from which he is about to be returned to Europe and unemployment. Preposterous though this may sound and preposterous though much of it seems on the stage, Mr. Barker's outstanding gift for tense dramatic illumination from scene to scene keeps mockery at bay.

The officer in the Murrumbidgee barracks is retreating from the barbarism of 1930 with icons, salvaging the world of Art from the clutch of the Bolsheviks. "Against all their sodding culture I raise your working hand," pronounces the young Gocher to his comrade's relief: when theatrical licence places him before his aged self, languishing in Wandsworth, he is criticised: "Every voice lifted in song was one less calling for the revolution." For by this time, young Gocher, back in the Brixton of 1924, has developed his "beggar's shuffle" for entertainment purposes and determined to march on a full stomach.

Stuart Burge's brilliant production coaxes the play through its more absurd passages and is very cleverly cast. Max Wall bottles his individualism for much of the time, projecting a superb portrait of disillusioned old codger, but he effectively leaks his vaudeville temperament on lines like "No one knows the suffering of an English idealist" gaining a warm chuckle that the remark rarely deserves.

And young Gocher, in Nick Edmett's dynamic performance, crackles with righteous indignation. His stand-up routine at the Hammersmith Empire is

both a touching evocation of a young Max Wall and a barefaced parody of what the Trevor Griffiths's *Comedians*. A little parochial, that when the ukulele is trampled on in a classic piece of audience alienation, the manager suggests he keeps it in the hands of the manager's Starely (Tony Matthews), was Gocher's chief character's ridiculous foolhardiness, leaving him to fend for himself on a growing wave of sarcastic plotting. When Gocher has converted his Wandsworth guard (John Thaw) and made off to Mother Russia with him, he travels only as far as the South coast via Hayward's Heath on the "trans-European express." We see Starely twice more: once drinking himself stupid in a dockland warehouse going up in flames and, at the end, as a gibbering loony playing truant from an Eastbourne institution. Also Agurim is Gocher's daughter Moira (Judith Liebert), left in his charge when he chose "Russia" instead of her mother. Moira is aggressive and discontented, shopping "the bouncers" in every policeman she goes head with.

For all its glaring imperfections, the play catches fire from moment to moment. Mr. Wall and Mr. Thaw play a fine absurd duet on the English coast in the closing scenes. And the action switches effortlessly among its locations—the hospital, Wandsworth Common, the old codger, but he effectively leaks his vaudeville temperament on lines like "No one knows the suffering of an English idealist" gaining a warm chuckle that the remark rarely deserves.

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36	7,792 to 7,958
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38	8,126 to 8,292
39	8,293 to 8,459
40	8,460 to 8,626
41	8,627 to 8,793
42	8,794 to 8,960
43	8,961 to 9,127
44	9,128 to 9,294
45	9,295 to 9,461
46	9,462 to 9,628
47	9,629 to 9,795
48	9,796 to 9,962
49	9,963 to 10,129
50	10,130 to 10,296

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4,728 to 4,731	5,074
4,744 to 4,756	5,076
4,762 to 4,776	5,078
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4,820	5,096
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ASTON MARTIN

Sadler's Wells Theatre

The Magic Flute

by MAX LOPPÉRT

The English Music Theatre, a young opera company of potentially limitless value and possibility, is fighting for its life, and it would take a hard heart to add purposelessly harsh criticism to the company's misfortunes. But the third work of the current London season, *The Magic Flute*, of Monday evening, so far, is superficial and incoherently conceived in Colin Graham's production. Christopher Motley's designs, and John B. Read's lighting, and so unevenly achieved in Stewart Bedford's conducting, that caution must give way to plain speaking.

The production was obviously forged in the fires of severely limited budget. In *The Magic Flute*, the re-creation of whose stage directions depends on sensitive imagination rather than spending power, this should act as a spur to the ingenuity, the deftness, the finesse, the means of staging. Here, economy seems

The Glass Menagerie

by JEREMY KINGSTON

The arrival of this moving production from Cambridge, where it was enthusiastically welcomed by this paper, gives London theatregoers the interesting opportunity of seeing Tennessee Williams' earliest play as well as his latest, *The Red Devil Battery Sign* (at the Round House). No play by Williams is without merit, and lacks the earnest that attaches to a great playwright's work, but I do not expect *Battery Sign* to revive so ably in 30 years' time. *The Glass Menagerie*, on the other hand, is likely to go on being produced until the art of theatre becomes a footnote in some future history of culture.

The play has come to a theatre suitably intimate for its main succession of duologues, though the wider stage inevitably stretches out the pocky St. Louis apartment from which Tom, the son and narrator, finally breaks out. The family tensions he tries to leave behind are sorrowful, and Jonathan Lynn's production and his cast do not underplay

Glyndebourne The Cuming Little Vixen

A change of cast in the title role gave a welcome opportunity on Monday of revisiting Glyndebourne's enchanting *Cuming Little Vixen*. Although Jonathan Miller has been unable personally to supervise the revival of his production of Janáček's opera this year, Eileen Hannan, the new Vixen Sharpener, has sung the part under Dr. Miller's direction with a superbly assured and perfectly into the Glyndebourne staging. She also has qualities more positive than a chameleon-like ability to merge with her surroundings.

Chief among these qualities is a firmly produced, bronze-coloured voice that, though happily at ease in the top soprano range, takes on a mellow, mellowish timbre in the middle and lower registers.

Just as the great merit of Patrick Robertson's sets and Rosemary Vercoe's costumes is to balance the scale of relative size between the humans on one side and the various animals, birds and insects on the other, so the chief accomplishment of Dr. Miller's production is to integrate the

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AMERICAN NEWS

Strauss attacks U.S. Steel over trade protection bid

BY JUREK MARTIN, U.S. EDITOR

MR. ROBERT Strauss, the chief U.S. trade negotiator, has launched the sharpest attacks on United States Steel Corporation for bringing a lawsuit which threatens "the whole world trade system."

The U.S. Steel action is based on a similar Customs Court ruling recently in response to an action brought by Zenith against manufacturers of Japanese television sets.

WASHINGTON, June 14.

would undermine irremediably the multilateral trade negotiations currently going in Geneva. If the administration loses its appeal on the Zenith ruling, it could go to Congress for new legislation which would have the effect of nullifying the court decision.

CHURCH AND STATE IN CENTRAL AMERICA

Attacking the last preachers of peace

BY ALAN RIDING IN MEXICO CITY

CENTRAL AMERICA's right wing military rulers have launched an attack against Catholic priests, mainly foreigners, who are the only remaining non-violent force for social and political reform in the entire region.

The situation is particularly critical in El Salvador and Nicaragua, where many priests have been deported or murdered in recent months, but conservative civil and military groups are also campaigning against progressive clergy in Guatemala and Honduras.

They were the driving force behind Church participation in social and political problems. Because foreign priests invariably comprise the majority of clergy in the poor Central American Republics which have been unable to produce enough local priests to run their own Churches, they were slowly able to move the bishops into more radical positions.

They were what officials describe as Marxist-Leninists. Having been reassured by the stage-managed electoral "victory" of General Carlos Humberto Omer, the powerful ultra-conservative coffee and cotton farmers are now confident of eliminating the priests from the countryside. These landowners often have their own corps of gunmen who seek—not without success—to terrorise the local peasantry.

frontation with Cardinal Casariego is intensifying and, perhaps fearing church influence over next year's elections, Vice-President Mario Sandoval Alarcon last month launched a campaign against "Communist infiltration of mother church."

No smoking seats concession by Eastern

WASHINGTON, June 14.

TWO U.S. consumer groups announced today an unprecedented legal settlement with Eastern Airlines under which the company agreed to reserve 85 per cent of the seats on its flights for non-smoking passengers.

In addition, the No Smoking sections, to be permanently and clearly labelled, will be expanded to accommodate as many non-smokers as are on any flight, and Eastern personnel will be instructed to tell passengers of their rights to a seat in the No Smoking area.

Mr. Reuben Robertson, a lawyer who represented the Aviation Consumer Action Project, which brought the complaint along with Action on Smoking and Health, said that the case should be a precedent for the whole airline industry.

NY bonds oversubscribed

NEW YORK, June 14.

A PUBLIC offering of \$250m. in New York City's Municipal Assistance Corporation (MAC) bonds has been over-subscribed before its formal issue, reflecting both a growing confidence in the city's financial recovery and the current boom in the U.S. municipal bond market.

Alaska pipeline to open on time

ANCHORAGE, June 14.

THE FIRST oil will start to flow southwards along the 800-mile Alaska pipeline next Monday, precisely on schedule, the operators announced.

The \$8bn. pipeline, aimed at reducing U.S. dependence on imported oil, snakes across some of the roughest terrain in North America from the North Slope oilfields to the port of Valdez, from where the oil will be shipped to the rest of the U.S.

Many environmentalists opposed the project, fearing that an oil spill might destroy wild life or damage the permanently-frozen tundra.

Vance off to face OAS

WASHINGTON, June 14.

MR. CYRUS VANCE, the U.S. Secretary of State, will leave today for the Caribbean to meet 24 Foreign Ministers from other American nations.

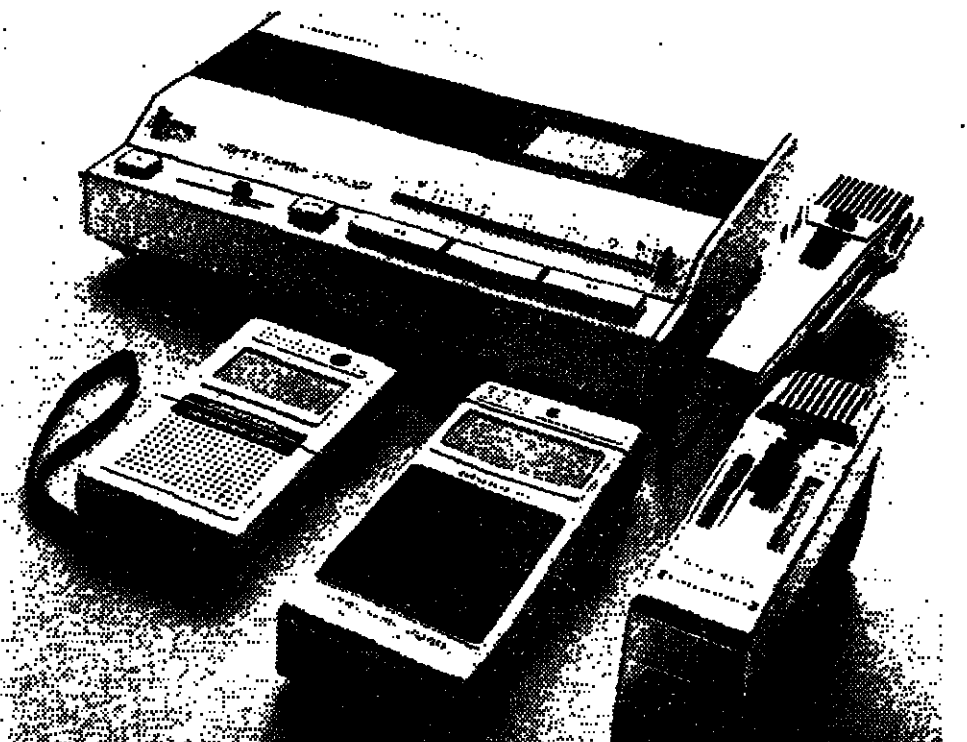
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OVERSEAS NEWS

Janata set for state election landslide

NEW DELHI, June 14. THE NEW Janata Party was today poised for landslide victories in most of the 15 Indian states and three union territories...

Compromise pledge averts African boycott of games

BY MARTIN DICKSON

THE COMMONWEALTH Conference seems to have rescued next year's Commonwealth Games in Canada from a threatened African boycott by drawing up a compromise statement...



The statement says future sporting contacts of any significance between Commonwealth countries—or their nationals—and South Africa are unlikely while apartheid continues.

The record leaves room for flexibility. While it was being approved, a South African women's tennis team was taking part in the Federation Cup tournament in Eastbourne...

with satisfaction" to them. Mr. Callaghan, the U.K. Prime Minister, told the conference he felt that the agreement was the result of a constructive approach...

Reginald Dale adds: Mr. Robert Muldoon, the New Zealand Prime Minister, told a Press conference his Government had been extremely active in discouraging sporting fixtures with South Africa since the row over the All Blacks tour last year...

Yesterday's declaration does not involve a major change in New Zealand Government policy, merely a "bending up of activity," he said. He could not envisage a rupture between New Zealand and South Africa...

... but nothing so far seems able to close those yawning gaps

BY BRIDGET BLOOM

HAS THIS Commonwealth Summit Conference been the most boring on record—or has it actually achieved something? With a day of communique wrangling still to go, final judgment on the current conference in London must be postponed...

Some of the reasons are floating on the surface, others are to be found in something which should worry all—and there are still plenty here in London—who believe the Commonwealth really does have something to offer a troubled world.

financial aid: this week's conference suggests it can do no more. And on Southern Africa, the Commonwealth has little role to play.

True, a toughly-worded communique might help convince the white ruled states that they are part of a modern world; and eventually the Commonwealth may give technical assistance or even military aid to Zimbabwe.

But the real decisions are and will continue to be made elsewhere—in Washington, Pretoria, Lusaka or London, or even in Moscow.

In a sense the Commonwealth has never been a decision-making body: its value has always been, as Jim Callaghan said last week, that it is one of the few places "where people educate each other and begin to recognise each other's difficulties."

But it has been a very polite conference, too. No one has wanted to rock the Jubilee boat. President Kaunda's opening tribute to the Queen's role in presiding over widespread and mostly peaceful decolonisation set the mood for others. And

WORLD TRADE NEWS

Japan curbs exports to Algeria

THE Japanese Trade and Industry Ministry said it is restricting the issue of licences for industrial plant and ship exports to Algeria.

This follows a sharp rise in Japanese trade credits to the country and Algeria's increased external liabilities, reported to amount to \$8.5bn last year, it said.

Export licences for four cargo ships to Algeria were suspended. The Ministry said export contracts arranged or to be concluded for plants and ships to Algeria are estimated at several billion dollars.

Most of them call for export credit from the semi-official Export-Import bank to finance about 70 per cent of the contract prices in instalments over about seven years, industry sources said.

Of the four cargo ships affected are the 40,000-deadweight ton freighters ordered by the Algerian National Shipping Corporation. Reuter.

Whesoco contract

Whesoco Heavy Engineering has secured a \$2.5m contract for the fabrication of 25 items of shell and tube heat exchangers for installation in a new 550,000 tonne/year ethylene plant being built at Corpus Christi, Texas.

Award for India

Tata of Bombay has won the contract to design and build a \$184m thermal power station at Pasir Gudang in Johore State. This is the biggest contract ever awarded to an Indian company by Malaysia.

The \$184m contract is to provide a \$22m loan for the project, with another \$30m from a Euroloan syndicated by Tokai Bank of Tokyo and Morgan Grenfell of London.

S. Korean award

Hyundai-Construction of South Korea has won a \$72m Saudi Riyal contract for the electrification of the Assir area on Saudi Arabia's Red Sea coast. Riyadh Radio said. Quoting industry and Electric Power Minister Ghazi Abdul-Rahman al-Qusabi, the radio said the project, which includes the building of a central power station, will be completed in 30 months.

Eaton builds new plant in Spain

EATON has increased its ownership of Productos Liva (Pelsa), a Spanish engine valve manufacturer, from 49 per cent to 80 per cent. In making the announcement Eaton's president, Paul A. Miller, said that Pelsa will build a new plant, representing an investment of nearly \$5m in the area of Barcelona. The new plant, which will occupy more than 100,000 square feet, will replace existing facilities which are also in the Barcelona area.

Optimism in Tokyo over nuclear reprocessing plan

BY DOUGLAS RAMSEY

THE JAPANESE nuclear power industry is guardedly optimistic that plans for reprocessing its spent nuclear fuel both at home and abroad will go ahead despite objections thrown up by nuclear authorities in the U.S., France and Britain.

An industry working party led by Mr. Matsunaga returned from Paris yesterday after talks with British Nuclear Fuels (BNFL) and France's COGEMA. Mr. Matsunaga said that Japan would put off signing an agreement with either company for now, but indicated that BNFL and COGEMA made encouraging noises at the Paris talks.

Sources close to the mission said that COGEMA is now ready to sign an agreement with the overseas reprocessing committee (ORC), the grouping of Japan's nine utilities with nuclear plants. But the contract for reprocessing of some 3200 tonnes of spent nuclear fuel over 10 years from 1982 has been split between COGEMA and BNFL, and ORC is not keen on signing one agreement with both.

BNFL, however, has been asked by London not to sign the agreement (which could bring Britain and France together an estimated \$650m worth of business) until after the public inquiry into BNFL's proposed expansion of the Windscale re-

processing plant. That inquiry was due to start today in London. Japanese sources say that BNFL, for its part, expects it will get the green light to sign the agreement with ORC, the terms of which were apparently finalised in early May.

The Japanese industry has been told on several occasions that the British Government favours the reprocessing contract but feels it would not be expedient to sign the contract before the outcome of the public inquiry.

On Thursday, Mr. Matsunaga will report on his Paris discussions to a joint forum of presidents of the nuclear utilities, although that meeting could authorise ORC to proceed with signing the French contract, the guess here in Tokyo is that the utilities will wait for the Windscale inquiry outcome before proceeding.

Above all, the utilities are trying to refrain from any actions which might be interpreted in Britain or the U.S. as signs of a hard line attitude by the Japanese on nuclear issues regardless of safety considerations.

Japan's own experimental reprocessing plant built at Tokai, Mura, north of Tokyo by the French company St. Gobain. Japanese and U.S. negotiators recently agreed to conduct a joint inspection and review of the new plant which was to have gone into full operation on July 18. The American team will arrive in Japan shortly.

A week ago St. Gobain, in co-operation with the French Commission d'Énergie Atomique, told Japan that it would not let the U.S. team investigate the entire plant out of fear that it would divulge to the American industry details of France's reprocessing know-how.

This position by St. Gobain, though taken a week ago, surfaced today. But reliable sources in St. Gobain at the Tokai site said that Paris has meanwhile "softened" its line, and the negotiations between St. Gobain and the CEA in Paris should be concluded "within a few days" and ultimately permit the planned American inspection of the Tokai plant facilities.

St. Gobain's initial contract to design and build the Tokai plant was to have lapsed in March, 1975, but since then the Japanese have asked for a number of delays until after "best test" materials, including radioactive materials, get under way.

Machine tool export target set

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE U.K. machine tool industry has set itself the target of boosting exports to 60 per cent of turnover by 1980. Historically the industry has exported between 47 and 49 per cent of its output by value.

Last year deliveries of British machine tools reached \$361.1m, and of this \$176.7m was exported. With imports at \$142.3m, there was a favourable trade balance of \$24.4m. The industry export target has been set as part of the industrial strategy programme being worked out at the National Economic Development Office.

Full details will not be revealed until the machine tool sector working party proposals are published in October but Mr. Trowbridge, president of the European Committee for Co-operation of Machine Tool Industries and past president of the Machinery

Tool Trades Association, gave a hint about them yesterday. He said: "Conditions in the U.K. make it imperative that machine tool companies place much more emphasis on exporting in future."

Mr. Trowbridge pointed to the fact that countries like South Korea and Turkey appeared for the first time last year in the list of the U.K.'s top 12 export markets as an example of the way the British manufacturer is spreading their sales overseas.

He was speaking at a Press conference to launch the U.K. efforts at what is claimed to be the world's largest-ever international machine tool show which is to be staged at Hannover under the title of 2 FMO in September. Manufacturers representing more than 60 per cent of the British machine tool industry, in value terms, have taken space at the show.

Exhibiting at 2 FMO at over 200 a square metre of rented space is a costly exercise, pointed out the MITA which, with British Overseas Trade Board support, is sponsoring the U.K. contingent. Yet the presence of nearly half of all U.K. machine tool manufacturers at the exhibition "clearly indicates the determination of the industry to improve its record in overseas markets."

However, the number of countries competing in the machine tool sector has been increasing at what was described yesterday as "quite a breathtaking rate."

There will be considerable representation at 2 FMO from Third World countries, including India, Taiwan and Japan, showing that the developed countries are not content with producing machine tools for their own local markets but also intend to sell them internationally.

Mothercare to boost U.S. sales

BY DAVID WALKER

MOTHERCARE, which opened its first U.S. store under its own name in April following its acquisition of 110 small U.S. stores in July, last year, is believed to be looking for an American turnover of \$14m. (U.S.) in 1977.

This compares with a 1976 figure of \$10m. (U.S.)—half of it netched up under Mothercare's ownership—through the stores trading under the Mother To Be and the Modern Mom names it obtained through its takeover of the Dekon Corporation in a \$680,000 deal. The pre-tax profit in 1976 was \$456,600 (£233,000).

The purchase of Dekon was intended to provide a vehicle for the group's larger scale expansion into the U.S. market for maternity wear, baby clothes, and related items for the under-fives, which is estimated to be worth around \$3m a year. Already it has opened seven new stores under its own name, in some cases closing smaller former Dekon shops in the same shopping areas, and plans to have 25 in operation by the end of the current financial

year at the close of March, 1978. All will be in the pedestrianised areas in edge-of-or-out-of-town locations which are of such importance in U.S. retailing rather than in downtown "High Street" locations, but the majority will be smaller than the typical British Mothercare, which averages 3,000 square feet, at around 1,300 square feet. Ten larger stores, of 3,500 to 4,000 square feet, are also planned, however, in the densely populated Philadelphia/South Jersey area, and three have already opened. In five years' time, the group hopes to have 100 to 150 larger stores and possibly only 50 smaller ones.

Overall, Mothercare's involvement in the U.S. is on a far bigger scale than its earlier—and to some extent abortive—forays beyond Britain. On the Continent, for example, the group has only 18 stores—in the Netherlands, West Germany, Sweden, Switzerland, Norway and Denmark—considerably less than a few years ago, while it has pulled out completely from its erstwhile partnership in

Japan. Where the U.S. business, with a total investment of \$23m (£13m), including the parent, differs significantly from those other overseas operations is that a wholly owned subsidiary has been set up in America with a top management team based in the country. The Continental operations, by contrast, are run from London and America is the first overseas country in which the group has set up a separate corporate headquarters. As well as running the shops, this will also be responsible for mail order business, at present run from Mothercare headquarters in Watford and worth \$20,000 (£12,000) a month out of total overseas mail order sales now running at £500,000 a month.

The first U.S. catalogue is due for distribution in January, and the group believes mail order will be a bigger proportion of its total American business, at least in the early stages, than in Britain. Overall, mail order accounted to £3m of the group's total 1976-77 turnover of £21m.

Lebanon delays army reform

BY HSIAN HIJAZI

THE LEBANESE Cabinet last night accepted the resignations of 17 senior army officers but postponed the completion of restructuring the army for six months. The postponement is seen as fresh evidence of the Government's unwillingness to reorganise its efforts to reorganise and reorganise the army, which broke up during the recent civil war.

The Cabinet accepted the resignations of 16 officers with the rank of brigadier-general as well as that of Major-General Hanna Saad, the former army commander. They were among 220 officers who resigned in response to a Government decree calling on all army officers to resign. The rest of the officers, about 700 in all, did not respond to the decree.

Right-wing Christian leaders, notably Mr. Camille Chamoun, have said rebuilding the army should await a final decision on the future political system of Lebanon. The Christians want a decentralised army, within a demilitarised Lebanon. The Muslims said they would not resign while the Christians refused. The present proportion of officers in the army is about 60 to 40 in favour of the Christians.

Explaining the postponement, the Defence Minister, Mr. Fuad Buiyeh, said the new army commander, Brig-General Victor Khoury, had asked that a decision on further resignations be postponed pending a decision on the size of the new army. The Government has reaffirmed

WORLD SHIPPING

All at sea over U.S. cargo policy

BY JOHN WYLES IN NEW YORK

POLICY POSITIONS on a range of issues from energy to human rights have left no room for doubt about the Carter Administration's ability and readiness to take decisions. But on the important question of cargo preference for American shipping the White House machinery appears to be faltering for after three months of internal debate no signs of making up its mind.

Each day's delay adds to the frustration of a powerful lobby led by the shipbuilding industry in support of a bill currently before a House Committee which seeks to reserve 30 per cent of America's oil imports for carriage by American flag tankers. The Administration's view will eventually emerge in testimony to this committee and the present difficulty in defining a position stems partly from a realisation of the fundamental implications of the legislation for both American and world shipping. By all accounts President Carter is unlikely to endorse the bill as it stands, either because it would set American shipbuilding an impossible task. But unless he seeks radical changes the U.S. could run the risk of exacerbating the existing huge world wide surplus of oil tankers and strengthen the movement towards a general cargo preference which has already been held in the Third World.

But President Carter does have a problem, which is partly structural and partly political. The American flag is about one-third the size of the U.K.'s and about three times as old on average. Expansion and modernisation have been slow of both the Nixon and Ford Administrations. As a presidential candidate, Mr. Carter promised a new era for American shipping in a keynote speech last June to a fund-raising "maritime-management labour salute dinner."

It is unlikely that the American flag is returned to its seas again," he said. "I believe that American ships built in American yards, designed by American engineering and manned by American seamen can once again be the envy of the maritime world." The same speech by Candidate Carter linked the need for a renaissance of American shipping with the contribution it could make to national defence. The shipbuilders, with possibly as much as \$13bn. of orders to gain, have made this the central theme of an old style nationwide advertising campaign. The Shipbuilders Council of America and its allies have created the "U.S. Maritime Committee" to turn the tide and have provided it with more than \$500,000 for the media campaign masterminded by Gerald Raftoon Advertising Inc. of Atlanta, Georgia which, by a nice coincidence, is the same company that handled candidate Carter's media cam-

paign during last year's Presidential election. The advertising is old fashioned in the sense that it invites the public to fill in a coupon expressing support for the campaign which will eventually find its way to the responsible Congressmen. But its crude assertion that "foreign oil tankers threaten our environment, weaken our national defence and take away your jobs" makes a shrewd connection with the significant groundswell of public concern about the safety records of flag convenience tankers. This follows a rash of incidents in the past six months beginning with the huge oil spillage off Nantucket by the Liberator registered Argo merchant last December.

Since only three per cent of American oil imports is currently arriving aboard U.S. flag ships, a boost to 30 per cent clearly offers a creek of gold for the shipbuilders at the end of the cargo preference rainbow. The proportion of oil carried in American-owned ships is far greater but these ships are flying flags of convenience, partly because their owners want to escape the vastly greater wage burden of an American crew. The sponsors of the bill privately admit that it would be virtually impossible to meet the 30 per cent target by 1980. As long as the principle of cargo preference for oil imports is accepted, most of the bill's

supporters would probably be content to live with an administration "understandably pulling back the target date to 1985." While the legislation has some support from within the bureaucracy, some powerful opposition is lined up against it from the Department of Defence and State while the treasury and the Office of Management and the Budget are also reported to be among the critics. One factor weighing heavily with the critics is the inevitable increase in the cost of the consumer. The probable rise at only 0.006 cents a gallon, while the opposition has estimated a rise of 3.7 cents a gallon which, they say, would add another \$38.3bn. to the oil import bill by 1985.

Since it is generally accepted that needs to be done to revive American merchant shipping, whatever President Carter proposes will be seen to have some justification. Many in the international maritime world are fervently hoping that he will offer scant comfort to the cargo protectionists. They hope that he will opt instead for a broadly based package of measures which would help compensate for the higher costs of flying the American flag and which would also help American owners purchase some of the extremely cheap but surplus oil tanker tonnage currently laid up world wide.

Soweto student boycott

JOHANNESBURG, June 14. MORE THAN 3,000 students were reported to be boycotting classes today in the black township of Soweto, as the June 16 anniversary of last year's bloody riots drew closer.

But the township of more than 1m. people was said by police to be peaceful after small, sporadic outbreaks of violence yesterday. "There has been no trouble and police are patrolling the township," said a police spokesman.

Black reporters living in the township said 800 pupils had refused to attend classes at Sekano Ntsoane high school, 900 at Orlando West high school, 800 at Orlando high school and 700 at Meadowlands high.

Meanwhile, in Cape Town, Mr. James Kruger, the South African Police and Justice Minister, said that three black gunmen who killed two whites in central Johannesburg yesterday appeared to have been trained in Angola and had returned to South Africa through Mozambique. Reuter.

Guerilla hunt in Rhodesia

SALISBURY, June 14. THE RHODESIAN military command said its troops were today hunting a band of black nationalist guerrillas who killed three people, including a six-year-old child, in an ambush of a party of unarmed whites on a western Rhodesian farm.

A military spokesman said "a full-scale search" began at first light yesterday and is continuing. The three who died at Riverside Farm, 15 miles from Wankie, on Sunday were Mr. Andries Petrus Burger, the 46-year-old owner of the farm, his 29-year-old friend Mr. Petrus du Plessis, and Mr. du Plessis' six-year-old son Carl. Both Mr. Burger and Mr. du Plessis were employed by Rhodesian Railways. UPI.

U.S. to unveil food plan

SINGAPORE, June 14. THE UNITED STATES will unveil its plan for a world food security system at a World Food Council Conference in Manila next week. Mr. Bob Bergland, the U.S. Agriculture Secretary said today. The plan, he said, seeks ways of stabilising commodity prices to avoid surprises. "We wish to establish an international system that when we have years of abundance, food should be stored rather than dumped on the market at low prices," said Mr. Bergland. He added that the U.S. would like to see an international agreement on sugar providing for some kind of maximum and minimum prices, and would also no longer place embargoes on exports of wheat, rice, cotton, corn or soy beans. Reuter.

Peking condemns Japan oil pact

BY A SPECIAL CORRESPONDENT

CHINA HAS sharply criticised Japan over the Tokyo-Seoul joint oil development pact, formally ratified last week in the Japanese Diet. The agreement provides for the joint development of the continental shelf in the East China Sea.

A statement issued by the Chinese Ministry of Foreign Affairs last night charged that the agreement flagrantly violated China's sovereignty and that Japan had wilfully and deliberately ignored the Chinese position on the matter. China has repeatedly insisted that any decision on the East China Sea continental shelf should be made by China and other countries concerned through consultation. The agreement was signed on January 30, 1974. At the end of last month, when the agreement was before the Japanese Diet, China threatened that its ratification would harm Sino-Japanese relations and that the

Japanese Government would have to bear full responsibility. Last night's statement said Japan and South Korea had marked off a "joint development zone" unilaterally behind China's back and their agreement was illegal, null and void. The protest comes at a time when Japan is beginning to push to conclude a peace pact with China, delayed because of China's insistence that it include an anti-hegemony clause and Japan's wariness that this should not be specifically directed at the Soviet Union.

UPI reports from Tokyo: The Government will start formal negotiations to conclude the long-pending Japan-China peace and friendship treaty following next month's elections of the Upper House of Parliament. Japanese newspapers said today. They quoted Foreign Ministry sources as saying the talks would begin in mid-July after a new

Handwritten scribble at the bottom of the page.

HOME NEWS

Contracts signed for Leyland Mini project

BY PETER CARTWRIGHT AND TERRY DODSWORTH

BUILDING contracts worth £21.5m for work connected with British Leyland's £280m Mini project were signed yesterday.

The contracts are the first significant move made by the company to lay down new plant for the project, which was given final approval by the National Enterprise Board, Leyland's main shareholder, only 10 days ago.

extra covered capacity. The single storey body plant, to be built at a cost of £15.5m by Sir Alfred McApline (Southern) will add 750,000 square feet, and the 2m assembly building extension to be built by George Wimpey will cover 250,000 square feet.

Machine tool orders wanted now

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE U.K. machine tool industry is urgently seeking a meeting with British Leyland's car division because it is becoming more and more concerned about the lack of information and orders from the division.

appointed about the lack of help they are getting over the Leyland issue from the Department of Industry. In view of the industrial strategy programme, they feel the Department could provide the vital link between Leyland and the machine tool industry.

could expect around £100m. of business from the Mini project and there should be heavy orders as the normal replacement programme gets into its swing.

Callaghan to discuss strategy with unions and industry

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN has called two special conferences of senior Cabinet members, employers and trade union officials to review progress on the Government's industrial strategy.

and Mr. Albert Booth, Employment Secretary, will attend the conferences. The TUC will be represented by Mr. Len Murray, general secretary, and Lord Allen, chairman of the economic committee.

To arrive at realistic objectives for the next three to five years, the working parties are examining in detail home and overseas markets to identify growth areas.

Central loan need rose sharply in May

BY MICHAEL BLANDEN

THE CENTRAL Government borrowing requirement jumped sharply last month, and in the first two months of the current financial year it was running well above the levels of a year ago.

the consolidated fund—through the Central Government's income and spending pass—was due to a change in the timing of the payment of rate support grants and housing subsidies to local authorities.

Table with 4 columns: Consolidated fund, April 1-May 31, 1977, Budget forecast 1977-78. Rows include Revenue, Expenditure, Deficit met, etc.

Wilson committee evidence

BY MARGARET REID

SIR HAROLD WILSON'S committee on the financial institutions decided at its meeting yesterday that it would interview senior representatives of the Treasury only when it begins taking oral evidence at its next meeting on June 25.

Industry Department on June 28. It now intends to ask the Treasury officials to be present at its meeting with the Treasury representatives but to give evidence themselves later, perhaps on August 2.

Boost for rural industries council

BY DAVID FREUD, INDUSTRIAL STAFF

THE COUNCIL for Small Industries in Rural Areas has taken a major step towards becoming the English equivalent of the Welsh and Scottish development corporations.

fall within its domain. At present, it is actively helping 10,000 companies and average loans are between £7,000 and £10,000.

Laker set to celebrate U.S. victory

By Ian Hargreaves

MR. FREDDIE LAKER, chairman and managing director of Laker Airways, decided to postpone a day of celebrating the news that President Jimmy Carter had accepted the U.S. Civil Aeronautics Board's decision to sanction the Laker Skytrain.

Drax order delay causing jobs fear

BY CHRISTOPHER DUNN

CLARKE CHAPMAN has warned of possible redundancies as a result of Government delay in placing the Drax "B" boiler order.

Chapman power plant division was currently engaged on. There could therefore be about 600 additional redundancies in 1978.

Strike ban appeal by Silkin

BY PHILIP RAWSTORNE

A LAW LORDS hearing which could have wide implications for the effectiveness of trade unions powers to strike, opened yesterday in the House of Lords.

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- Foreign Trade Company offers: I. STEEL PREFABS—slabs; ingots; blooms. II. ROLLED STEEL PRODUCTS—heavy plates; shipbuilding plates according to International Shipping Registers; boiler plates; commercial qualities; alloy and low-alloy steel qualities; cold rolled sheet; cold rolled coils; hot rolled coils; carbon steels and alloy tool steel (rolled and forged) including high speed rounds, flat; cold formed profiles; angles with equal or unequal wings; U shape with equal and unequal wings; reinforcing bars.

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Cement price rise pleas fail

BY STUART ALEXANDER

ASSOCIATED PORTLAND Cement companies have asked the Price Commission in May for a 15.2 per cent. price increase in its cement services rejected also.

In a further 14 cases the companies withdrew their applications. Products and services involved included Walls' ice cream, ICI petrol, Anglia Television advertising rates and Mettoy toys. And in 45 cases the extent of the increase was reduced by the commission.

Sea Symphony wins prize

THE GOLDEN anchor, the major prize at the Toulon International Film Festival of exploration and the sea, has been awarded to the film Sea Symphony, sponsored by the Financial Times, GKN and OCL.

The hour-long film was entered by the Foreign Office, competing against entries from France, U.S.A., Germany and other countries.

Minimum standards for rented houses suggested

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

MINIMUM STANDARDS for principle that every household tenanted properties should be introduced by the Government and aid should be made available to landlords to meet them.

The Council yesterday responded to the recent consultation paper from the Department of the Environment on the review of the Rent Acts.

Yorkshire shoe company troubles plant

By James McDonald

WILLIAM LAMB (Footwear) is to trouble its South Yorkshire, South Yorks. plant, with a 20,000 square feet extension being built through the English Industrial Estates Corporation.

Flu vaccination for employees could save Post Office £1m.

BY KEVIN DONE, INDUSTRIAL STAFF

THE POST OFFICE is offering a programme of mass vaccination against flu to its workforce of more than 400,000.

workers were offered the vaccinations each year. Dr. Peter Taylor, chief medical officer to the Post Office, said yesterday: "What really surprised us was that, even though there had been no big epidemic, we were still able to show cost-benefit."

The Post Office study for the first time included comparisons with 200 similar units at which workers were not offered the vaccinations.

Talks on textile industries

A JOINT research association for the wool textile, clothing, cotton and man-made fibre industries is to be considered.

The Leeds-based Wool Industry Research Association and the Shirley Institute at Didsbury, Manchester, which serves the cotton and man-made fibre industries, said that talks will be held on the subject. Representa-

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HOME NEWS

British ports 1976 surplus tops £38m.

BY ROY ROGERS, SHIPPING CORRESPONDENT

INCREASED TRAFFIC levels helped Britain's ports to achieve their highest net surplus of more than £38m last year and the encouraging trend has been maintained so far in 1977. This is disclosed in the 1976 annual report of the National Ports Council which shows that the industry is enjoying at least a partial recovery from the effects of the world economic recession which reduced traffic by 14 per cent in 1975. Total foreign and coastal traffic through all U.K. ports rose by 7 per cent last year and, if fuel is excluded, the improvement is even better—11 per cent. And according to Mr. Philip Chappell, the outgoing NPC chairman, provisional figures for the first four months of this year indicate a continued improvement. The NPC attributes this growth, which is far greater than the growth in the economy generally, to improved export performances by manufacturers who in turn are importing to boost their raw material stocks.

Total foreign and coastal traffic handled last year is estimated at 336m. tonnes compared with 316m. tonnes in 1975 and the pre-recession peak of 377m. tonnes reached in 1973. But with most port authorities reporting significantly improved profitability, and with the predicted growth of the national economy, there is every reason to hope that the favourable trend towards increased financial strength has been resumed, the report says. Movement of North Sea oil is booming traffic at some ports, especially the Tees and Hartlepool Port Authority whose outward shipment of Norwegian oil piped from the Ekofisk field has made it Britain's third busiest port (after London and Milford Haven) on a tonnage basis.

Plummeting Dover, too, has increased in importance. Its expanding roll-on roll-off traffic has helped it move up from seventh to third (behind London and Liverpool) in terms of the annual value of exports handled. Mr. Chappell, who hands over today to Mr. John Page, the former chairman of the Mersey Docks and Harbour Company, drew attention to the progress made in the industry during his six years as NPC chairman. This included transforming a £14m. loss in 1970 into a £38.2m. surplus last year with the number of days lost in strikes plummeting from 720,000 to 42,000 over the same period. He also called for modernisation of the National Dock Labour Scheme which presently covers less than 30,000 of the industry's 70,000 employees. He appears to have in mind a somewhat less controversial scheme than the present one—which virtually guarantees registered dockers a job for life—involving the entire labour force.

BSC spends £33m. to improve billets

BY DAVID FREUD, INDUSTRIAL STAFF

THE BRITISH Steel Corporation is spending £33m. on improving special billet manufacture and quality control in the three works of its Sheffield division. The division is holding an open day to-morrow at its Tinsley Park Works, Sheffield, to demonstrate recent and planned improvements to up to 200 customers from the forging, tube-making, re-rolling and engineering industries in Britain and abroad. Special billets are the semi-finished steel squares with high carbon content which are the raw material for manufacturing a wide range of stress-bearing components mainly in the motor, engineering and energy-related industries. The state-owned BSC is the country's largest producer of special billets, with an output of about 1m. tonnes a year, worth up to £200m. The motor industry takes 65 per cent of this output and energy-related industries take 20 per cent. The corporation claims to be one of the world's largest exporters of special billets, with 21 per cent—worth about £40m.—going overseas. The Sheffield division, which handles the bulk of the special billet manufacture, believes the improvement programme will enable it to provide customers with the steel requirements exactly relevant to the particular processes and markets in which they operate. Current and planned improvements include the installation of Magnetograph and Rotomat billet and round inspection units using eddy current techniques to detect surface defects.

Transport chief tells councils to 'make do with what you have'

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

LOCAL AUTHORITIES will have to seek solutions to transport problems mainly through improved management rather than through major investment, Mr. William Rodgers, the Transport Secretary, said yesterday. Speaking in the run-up to the bargaining season on county council transport programmes, Mr. Rodgers said in Brighton that the theme for the foreseeable future had to be to "make the best of what you have." There was little chance of a return to the levels of spending common a few years ago. He told the annual conference of the Institution of Municipal Engineers that he believed in the maximum degree of self-determination for local authorities. At the same time, counties would be expected to bear in mind three points in formulating transport programmes: that attention be given to genuine transport problems rather than "idealised concepts"; that programmes should not make impossible demands on public expenditure; and that agreed programmes should be implemented so far as was reasonable. Mr. Rodgers said the institution's well-publicised view that more money should have been spent on road maintenance was not self-evidently correct. More investigation was necessary. It was important that the principles of financial stringency and public debate on planning matters should be accepted by local authority employees. Earlier, Mr. Norman Pritchard, the institution's new president, said there was a danger that this

spirit of financial realism, which will be the guiding spirit behind Mr. Rodgers's forthcoming transport White Paper, would have severe long-term consequences. Too harsh a financial regime could result in the loss of schemes vital for the future of industry and the private motorist were being ignored. There was a case for spending more money on urban relief roads. Even if new roads were judged to be too costly, extra spending on highway maintenance was unavoidable. Furthermore, big towns had reached the point where extra traffic management measures would produce only minimal environmental returns.

Burton redundancies likely to reach 2,500

BY DAVID FREUD, INDUSTRIAL STAFF

TOTAL redundancies in the Burton Group are likely to rise to nearly 2,500 this year in the wake of fresh negotiations with union officials over staff cuts at retail shops. Mr. Charles Hargreaves, assistant managing director for sales, said yesterday that the group was discussing the "staffing mix" with the Union of Shop Distributive and Allied Workers. "It is a question of obtaining the correct sales force at a time when demand is changing from personal services to self service," he said. The group also needed fewer window dressers, Burton was removing window backs so that there would be less separation of display areas from sales areas. Discussions will resume next week on the changes, which with the 57 shop closures already agreed, could make as many as 1,000 people redundant. A union official said that the cutbacks in the remaining 337 Burton shops meant there was very little scope for transferring employees from the shops whose closure the union had reluctantly accepted earlier in the year. The redundancies are part of Burton's rationalisation programme to deal with the trend away from suits into more casual wear. Tailoring factory closures in the north of England involving 1,430 redundancies were announced last month. The union feels the extra cuts in sales and display staff is short-sighted. "We think this switch is only a temporary trend. Some companies are already reporting a swing back to suits," an official said.

Extension sought for platform yard lease

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ANDOC, the Anglo-Dutch oil platform construction company, is negotiating with the Government for an extension of its lease on the empty yard at Hunterston. The lease is due to expire in a few weeks, but Andoc wants to extend it at least until the end of the year in order to retain a base in Britain which would enable it to bid for orders for fields in the British sector of the North Sea. Although the future looks uncertain for companies building concrete platforms, the British sector holds more promise than either the Norwegian or the Dutch of yielding orders. The Government, which backed the opening of the Hunterston yard and another farther up the Clyde at Portavadie in 1975, at a cost of £21m., has resisted a recommendation that they should be closed because it

Trenchard calls price control a 'con trick'

By Stuart Alexander

PRICE CONTROL is the "biggest con trick used on the public," Lord Trenchard, retiring president of the Institute of Grocery Distributors, claimed yesterday. While it had little short-term influence on prices, the fact that it limited the investment necessary to offset the long-term upward trend of food prices was "positively harmful." Investment levels had been forced to fall while the public still found it difficult to understand that, by international standards, food in Britain remained relatively cheap. "Long before the introduction of controls food industry profit margins have averaged 3 per cent, after tax for manufacturers and 13 per cent for retailers. Two-thirds of this was reinvested in modern processes and stores.

Sheffield recovery strengthens

CONTINUING EVIDENCE of industrial recovery in the Sheffield region is reported today in the quarterly survey of business opinion published by the Sheffield Morning Telegraph.

Many of the region's important steel companies report better trading, particularly in stainless and tool steels, and the first real signs of a recovery in the forging industry are now apparent. But carbon steels are sluggish, and the Leyland dispute earlier this year brought steel stock problems. Scrap merchants are seriously concerned at low sales and falling prices. Engineers, however, are generally reporting healthy business with particularly good export chances in specialised products like steel rolls. Low consumer spending and large factory stocks have hit parts of the cutlery industry with subsequent short time working. Local coal output is being hampered by a series of petty, but cumulatively important, industrial disputes.

Advertisement for 'The Areas for Expansion' featuring a map of the UK and text: 'How to get rent-free offices for up to seven years. Rent free office accommodation for up to 7 years or equivalent help towards purchase. Grants of up to £1500 for each new job created. £1500 grant for employees moved. Removal grants. These are available in the Areas for Expansion. These incentives are intended for company offices including: Insurance; Banking; Finance; other Professional and Scientific services; Research and Development Units and all Service Industry undertakings not serving primarily local needs. New projects set up in the Areas for Expansion. Send for this leaflet now. To: The Industrial Expansion Team, Department of Industry, Millbank Tower, Millbank, London SW1P 4QU. Please send me a copy of your leaflet 'Offices and Service Industries'. Name: Position in Company: Company: Nature of Business: Address: The Areas for Expansion. ISSUED BY THE DEPARTMENT OF INDUSTRY in association with the Scottish Economic Planning Department and the Welsh Office. FT13/6S

Advertisement for 'New 9p stamp for Jubilee'. A NEW Silver Jubilee stamp will go on sale to-day following the latest round of price increases. The 9p stamp, the new first-class letter rate, replaces the 8p value. The 8p value, originally issued on May 11, has now been withdrawn from sale.

Advertisement for 'Cool car comfort with an Alpinair vehicle air conditioning system'. If you're in the market for car air conditioning, it will pay you to consider an Alpinair-Mark IV system. Alpinair happens to be the leading vehicle air conditioning company catering specifically for all British and European cars. And for good reason. Of the many systems Alpinair's highly skilled technicians have developed, most are based on the Alpinair-Allegro cooling unit, generally accepted to be the most powerful available. This ensures maximum REFRIGERATION, DEHUMIDIFICATION AND FILTRATION. Alpinair has been tried and tested in all climatic conditions all over the world. Alpinair is specially tailor-made for your particular car, it takes just a day or so to have installed, and it doesn't cost the earth. Why not drop us a line, or give us a ring. Let us have details of your car—we'll tell you about the Alpinair system that fits. cool car comfort with alpinair. Alpine-Mark IV. Integrated Air Blend System. No 942. Alpine House, Honeyport Lane, Kingsbury, London NW8 9RL. Tel: 01-204 3383. Telex: 923817.

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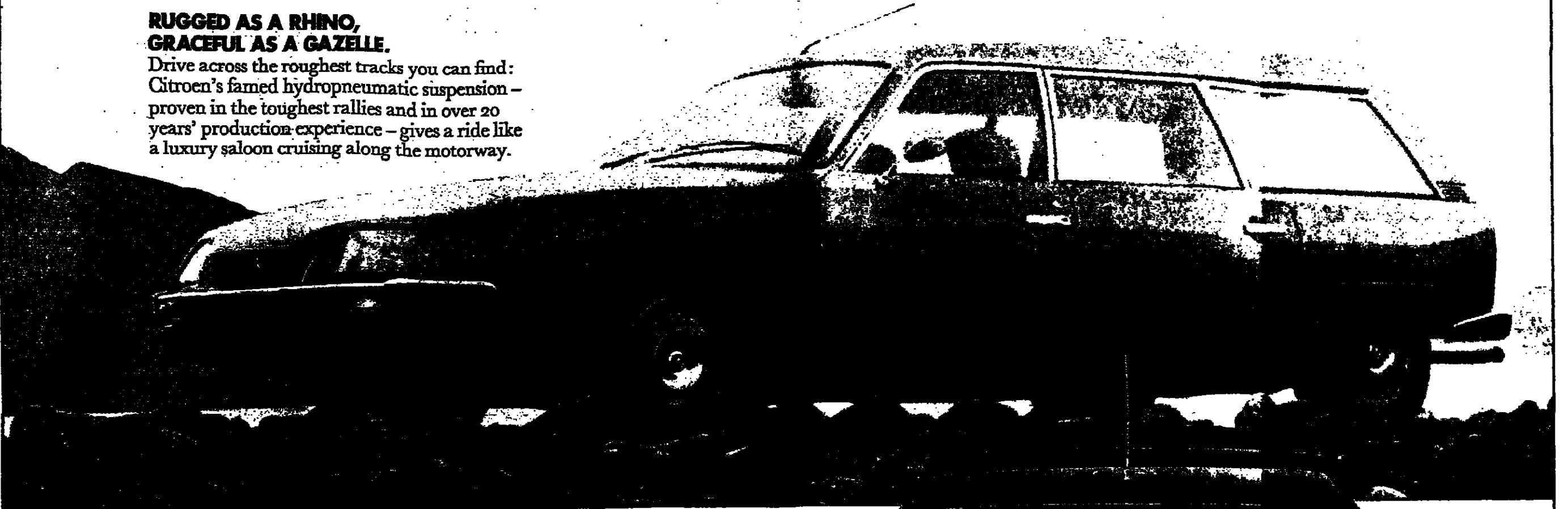
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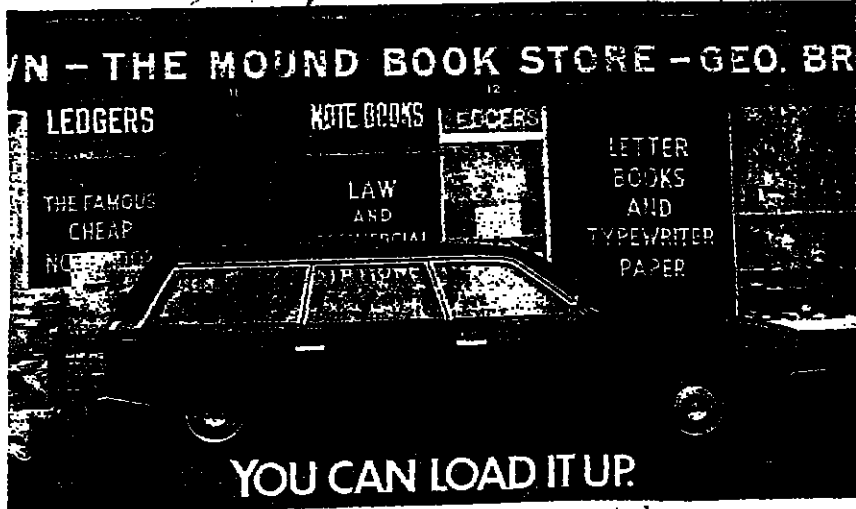
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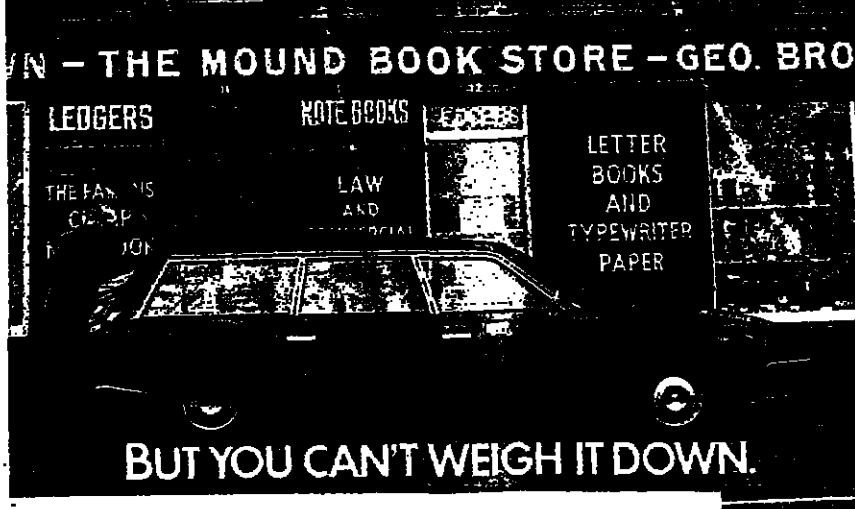
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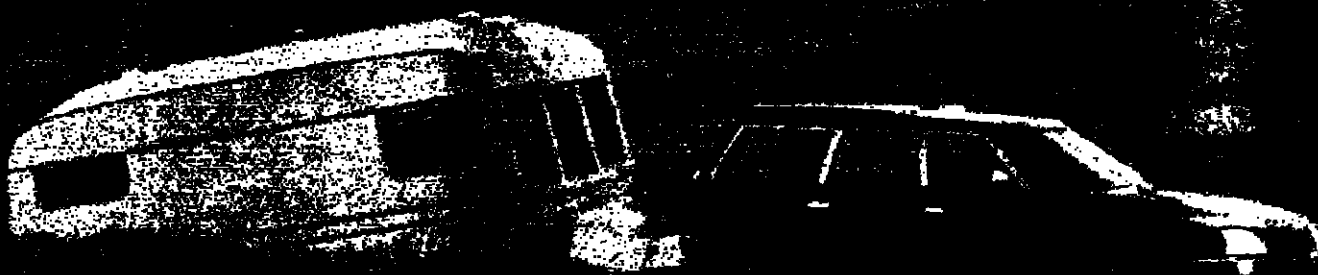
The Safari can carry just over half a ton in its massive 75.16 cu.ft. luggage space. Its hydropneumatic suspension automatically adjusts to compensate for any weight load so the Safari body is always kept at a constant height from the road surface.



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The steering, handling and roadholding of the Safari are superb, making it an extremely safe car to drive. Collapsible zones in the body shell are designed to absorb impact in a collision. The profiles of the door interiors follow the shape of the human body. There are no sharp or hard projections inside the car.



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CX2400 Safari £5298.95 CX2400 Safari with C-matic £5569.20. CX2200 Safari Diesel £5497.83. Prices include car tax, VAT and inertia reel seat belts, but exclude number plates and delivery charges. Prices correct at time of going to press. All Citroën cars have a 12 month guarantee. Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Insurance and Finance schemes. Check the Yellow Pages for the name and address of your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Tel: Slough 23808.

Technical Page

SERVICES Stand-by air supply saves penicillin

SHUT-DOWN earlier this year of the services plant at the 83m-capacity complex near Newcastle-upon-Tyne operated by Glaxo as a major U.K. centre for the production of penicillin and other drugs posed an immediate and serious threat to product under process.

Within three days, however, the company was able to call in a full stand-by service of compressors, producing totally oil-free air, to supplement the defective plant services. These machines have, so far, provided 3000 hours of round-the-clock operation, saving a large amount of antibiotics and the expense attendant on starting up the plant anew after a complete clear-out, had this in fact had to be done after a closure.

Close collaboration was maintained between engineers from Seymour Air Power and Glaxo to speed adaptation and modification of the pipework linking the

INSTRUMENTS Support for leisure equipment

WOW AND fitter meter PM 6307 enables service technicians to check and align audio and video cassette recorders and gramophone turntables to performance limits previously measured only in laboratories.

The meter consists of a high stability crystal controlled oscillator at 3 kHz or 3.15 kHz, a measurement section and two analogue meters showing drift and fitter to 3 per cent, each in three ranges.

The PM 6307 can differentiate between electrical and mechanical problems. Generally excessive wow and fitter readings are indicative of mechanical wear or failure and drift is often associated with faulty electronic circuitry.

A standard DIN input/output socket is located on the front panel of the meter to connect most domestic recorders and record-players, which form the majority of applications for this instrument. The unit is 110 mm high, 230 mm wide by 210 mm deep and weighs 1.5 kg.

Pre Unicorn, York Street, Cambridge, 0223 88866.



Manufacturer of cold-drawn precision tubing for fluid power and mechanical applications, T.I. Tubes has recently installed two very large pickling tanks, one of which is shown here, made in Colmar, the British Celanese polypropylene/glass laminate by Hygrade Industrial Plastics of Hunters Lane, Rugby. The tanks measure 17 metres in length by 1.5 deep by 1.4 metres wide, weigh about 2,700 kbs, each and are intended to contain 4,000 litres of sulphuric acid in a 10 per cent solution held at 60 to 70 degrees C. Additional strength has been provided simply by using timber framing enclosed with the standard glass-reinforced isophthalic resin bagging. The polypropylene surface of the tank resists attack by the hot acid.

PROCESSES Washes out the mixers

AT THE end of the working day the truckmixers operated by the ready mixed concrete industry have to be washed out. To add the problem, returned whole or part loads require disposal facilities.

The traditional method is to provide a settlement pit into which water, cement slurry and aggregate from the truckmixers are tipped. This provides more problems—the excess water may not be acceptable to the local water authority, mains water charges for washing out are rising, and eventually the semi-solid concrete mass at the bottom of the pit has to be dug out and transported for dumping.

Claimed to solve all these problems, and to recover 90 per cent of the aggregate, is a plant called the Wastemaster. Made by Batching Plant, it was jointly developed with Ticon, a company which has been test operating units at three of its ready mixed concrete depots.

Basically the Wastemaster is a welded steel tank holding 13,500 litres of water, and each unit can wash out up to four truckmixers simultaneously. Electrically powered, the equipment is fully automatic and is operated by the truck driver.

A truckmixer stops at one of the wash out points on the unit, and the driver starts the unit. At a rate of 350 litres per minute, some 1300 litres of water is pumped into the mixer, which is revolved for a few minutes, and the contents then dumped back into the tank. Driven by a 15 hp motor, chains and scrapers immediately remove the aggregate deposits for re-use. Cement slurry is left to settle overnight, then slowly scraped out. The slurry is deposited in a skip for disposal, present law forbids a problem that mass from a traditional pit.

The water used is continuously recycled, and only requires top-up.

It is estimated that company with traditional waste disposal methods, operating costs can be reduced by up to £1.10 per cu. metres of concrete. The plant costs at £10,500.

Details from the maker, Brookhill Industrial Estate, Norton, Notts., NG16 6NS, 810061.

DOWTY
mining equipment worldwide
Chesham, England

DATA PROCESSING Amdahl move in U.K.

FORMATION of a British subsidiary, Amdahl (U.K.), has been set in train by Amdahl Corporation of the U.S., which is attacking IBM's installed base of large machines both in North America and outside.

For the time being, the activities of the U.K. branch will be confined to sales efforts and eventually servicing. Later, the international company will select Dublin as a centre within the EEC to assemble its three large machines.

So far, the company has taken orders for and delivered 100 big computers of which three are in Europe. Practically every one will displace an equivalent IBM machine.

In its first year of production, 1976, Amdahl sold \$118m worth of equipment in 27 computer systems in the U.S. and Canada. First quarter 1977 turnover of \$88m was more than three times the figure booked a year earlier.

Dr. Gene Amdahl, who founded the company in 1970, was a senior IBM staffer for 15 years and managed architecture planning for IBM's System-360 which placed that company far ahead of all competitors in the computer game.

Four companies which provided financing to Amdahl prior to its initial public offering have been arranging the sale of 500,000 common shares, writes Donald Maclean. They include American General Life, American General Converter Securities, the Employers Mutual Liability Insurance Company of Wisconsin, and Nixdorf Computers of West Germany.

The latter company claims to have strengthened its position in the U.S. market as a result of its purchase of a controlling interest in Entrex of Burlington, Mass.

This move has cost it DM35m, and is described as a decisive move in its penetration of the North American market. Nixdorf, a privately-owned group, claims a sales volume of \$60m, and believes it will raise this figure to \$100m by 1980.

Nixdorf has been negotiating the sale of its holding of 300,000 or some 5 per cent of the common shares of the Amdahl Corp. This would be valued at about \$7.5m.

AS PART of a modernisation programme at Leading Plastics, Aston Clinton, Bucks. (0298 630707), the company has installed what is claimed to be one of the most highly automated yet flexible, plastics coating lines in the U.K.

Easily adapted to manual or automatic application techniques, the new line has a complete degreasing, alkali phosphating unit and one of the largest aperture curing ovens in the country. The T-shaped line transports the items to be coated on an overhead chain conveyor, either suspended directly or supported in a frame (used for large numbers of small items). Line speed ranges up to 30 ft/min, but the usual operating speed is 3 ft/min.

Once the items have been hung on the chain, they enter the first stage of the cleaning tunnel where they are Bonderized (a Pyrene Chemical Services process) which prepares iron, steel zinc and aluminium surfaces to give greater adhesion and durability to the final finish. In the second part of the tunnel the Bonderized surface is treated to increase its corrosion resistance. Spraying, washing and drying processes in the tunnel are automatic. It is claimed that the treatment is so effective that plastic-coated garden furniture that has been pre-treated can be guaranteed not to rust or peel for 10 years.

Following pre-treatment, the items move to the spraying booth where they are electrostatically coated with epoxy or polyester powders. Alternatively they can be dip coated in nylon, polyethylene, etc. The coated items are the oven cured.

Both the cleaning tunnel and the curing oven have apertures

Automatic powder coat

Water made fit for industry

A LOW cost process to reclaim municipal waste water for culture has been developed by the Beer Sheva University of Negov, Beer Sheva, Israel.

It is based on the use of an other inexpensive chemical and an ion exchange desalination process.

Previously, lime was regarded as a feasible reagent in ion exchange systems, is not soluble in water. By employing the Durol process, can be successfully employ the purification system, it stated at a conference in Beersheva.

In two years of experience with Beersheva's sewage, scientists were able to treat about 80 per cent of the matter in the water with partial desalination, thus making it fit for most agricultural and many industrial purposes.

On the basis of Israeli data, the cost of partial desalination came to about 4.5 pence per full desalination, the would be 10 pence per metre.

Ready-made systems

BETTER KNOWN for its involvement in software of considerable complexity, especially of the "tweaking-up" type to make large systems perform better, Altergo has now branched out into the entrepreneurial task of supplying ready-made small computer arrays for various purposes from commercial to professional.

Altergo has chosen the general name of Avenger for the equipment which can be based on a variety of microprocessors from Digital Equipment Corporation.

It has available software packages to cover sales, purchase and nominal ledgers; payroll and production control; and for distributed processing applications a PL/I operating system which allows DEC processors to run back to back. Emulators exist to allow the equipment to be cut in to a network in which the central processor is either an ICL or an IBM machine.

Avengers are to be sold throughout Europe, the Middle East and the U.S. through distributors.

Altergo at 38, Soho Square, London, W1V 5DF. 01-734 0681.

Authority reverses decision

CONTRACTS for a £1.25m, Scottish-built computer system have now been exchanged by Honeywell and the Anglian Water Authority. This ends the long battle to supply the Authority with its first centralised in-house computer system and follows a 20-7 vote at the Authority's meeting last April.

Rather than going for an ICL machine, the Authority will now install a Honeywell 66/10 computer system in a purpose-built computer centre in Huntingdon, Cambs. Delivery will start in November and be phased over a period to June next year in time to meet the Authority's major objective for the computer system which is to go live with water rate billing by April 1979.

The outcome of the second evaluation confirmed the recommendation reached early last year by the original technical evaluation team, subsequently supported both by the directors of the Authority and its Finance and General Purposes Committees. That recommendation was reversed in the Authority's favour of ICL and led to a prolonged dispute.

The £1,700 TIT system, called "By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services department for its overseas broadcasts."

Buttons set the program

IN A NEW venture, IIT Components Group has developed and is manufacturing at Harlow a programmable controller which can be applied by production, process and mechanical engineers without any knowledge of computers or electronics.

According to project manager Jon Dane—himself a mechanical engineer—a serious stumbling block in the introduction of sophisticated control equipment into industries with a traditional and General Purposes Committee. That recommendation was reversed in the Authority's favour of ICL and led to a prolonged dispute.

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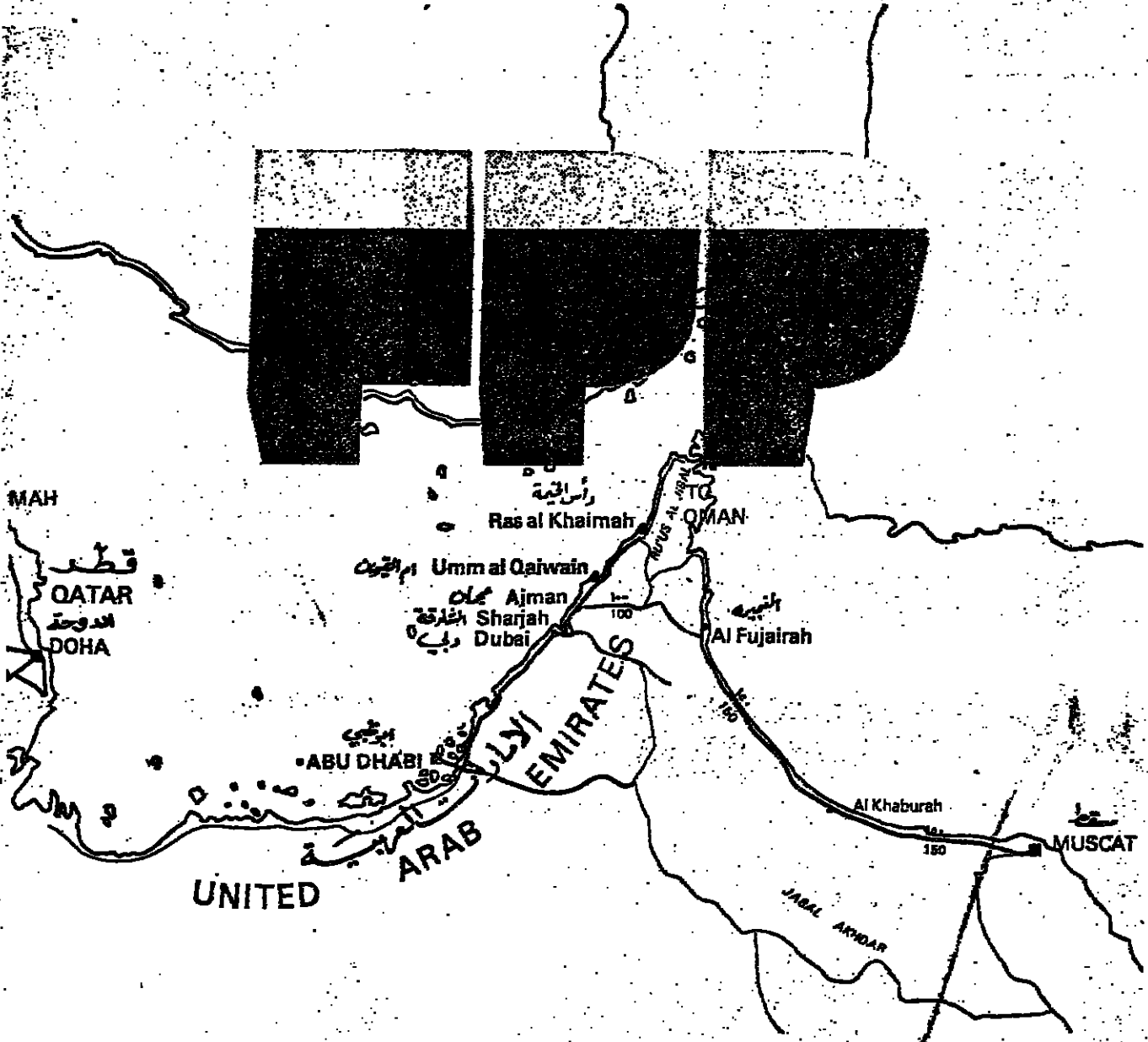
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If you work together with FPP International, you can rely on the time schedule agreed upon, a time schedule which says e.g. a 10,000 square metres workshop/office building in seven months from order to delivery.

At present we are engaged in high quality steel buildings for various purposes in Abu Dhabi, Dubai, Doha, Muscat and Sharjah. The FPP Contracting System also has the resources for turn-key projects such as printing shops, aluminium extrusion plants and complete facilities for board manufacture. Highly qualified technical assistance is another FPP benefit.

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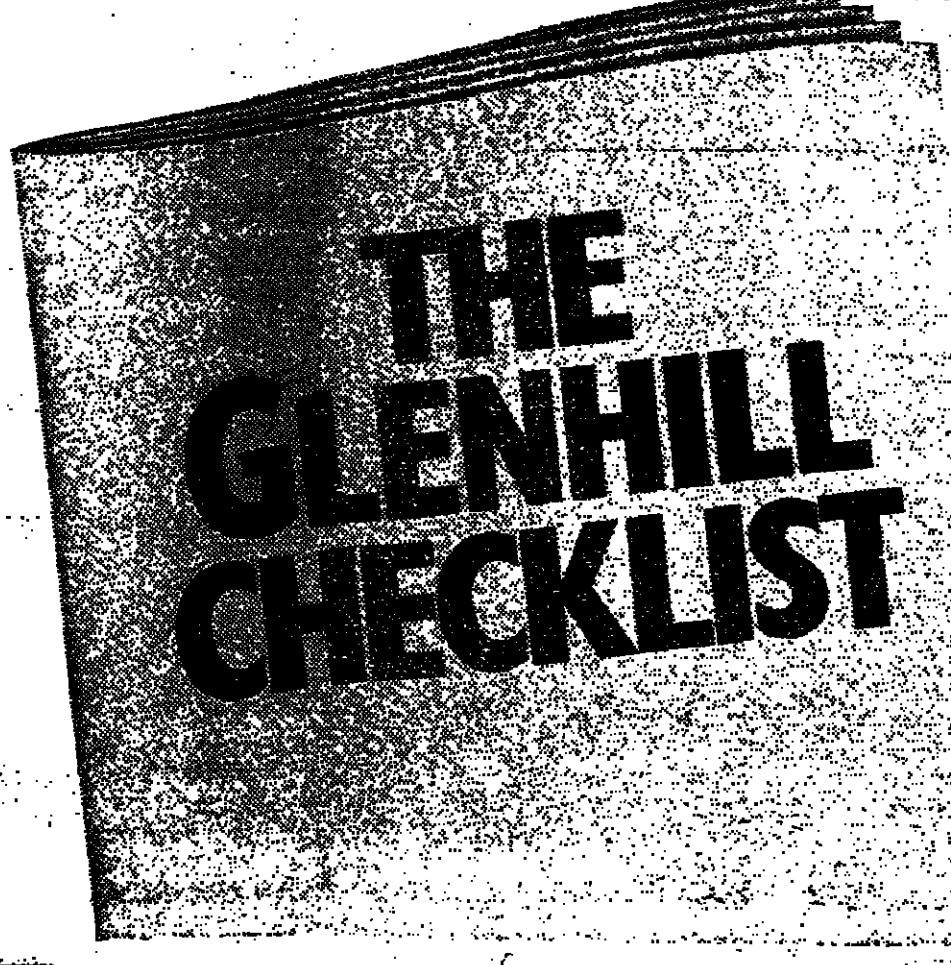
UNITED STATES OF AMERICA
International Photographer
DON FRASER F.I.I.P.

of ACADEMY STUDIOS London/New York
4 times winner of Financial Times Photographic Awards - twice named F.T. "Industrial Photographer of the Year" - is currently undertaking photographic assignments in the United States.

He has been commissioned by:
• Global Containers Inc. • A.P.C.I. Inc.
• Arthur Falconer Associates Corp. • Galgon Corporation
and others to shoot prestige colour photographs for use in Annual Reports and important publications. Any British or other companies with interests in the United States who require high quality photography of their projects are invited to take advantage of Fraser's visit.

The itinerary includes many major cities and east and West Coasts of the United States.

Contact should be made without delay to:
Doug Hill or Gavin Ashworth at Academy House,
01-669 7911/2/3
Telex: 943763 Crocom Ref: Academy.



We guarantee you won't like what it tells you about your company.

The Glenhill Checklist invites you to take an honest look at your company and the offices you work in.

An honest look. And, unless you've got a company in a million, you won't like what you see.

A list of eight-to-the-point questions helps you pinpoint the problem areas which could be (and probably are) costing you money.

Problems such as absenteeism, high staff turnover, lack of office space, lost paperwork, and many others.

But the Checklist isn't all brutal. It also provides you with a number of possible causes for these problems — and suggestions for overcoming them.

The Glenhill Checklist is free. The areas it illuminates are expensive.

Perhaps you'd rather not know. But remember: even if you ignore them, the problems won't go away.

I'm prepared to be honest. Please send me a copy of the Glenhill Checklist.

Name _____

Position _____

Company _____

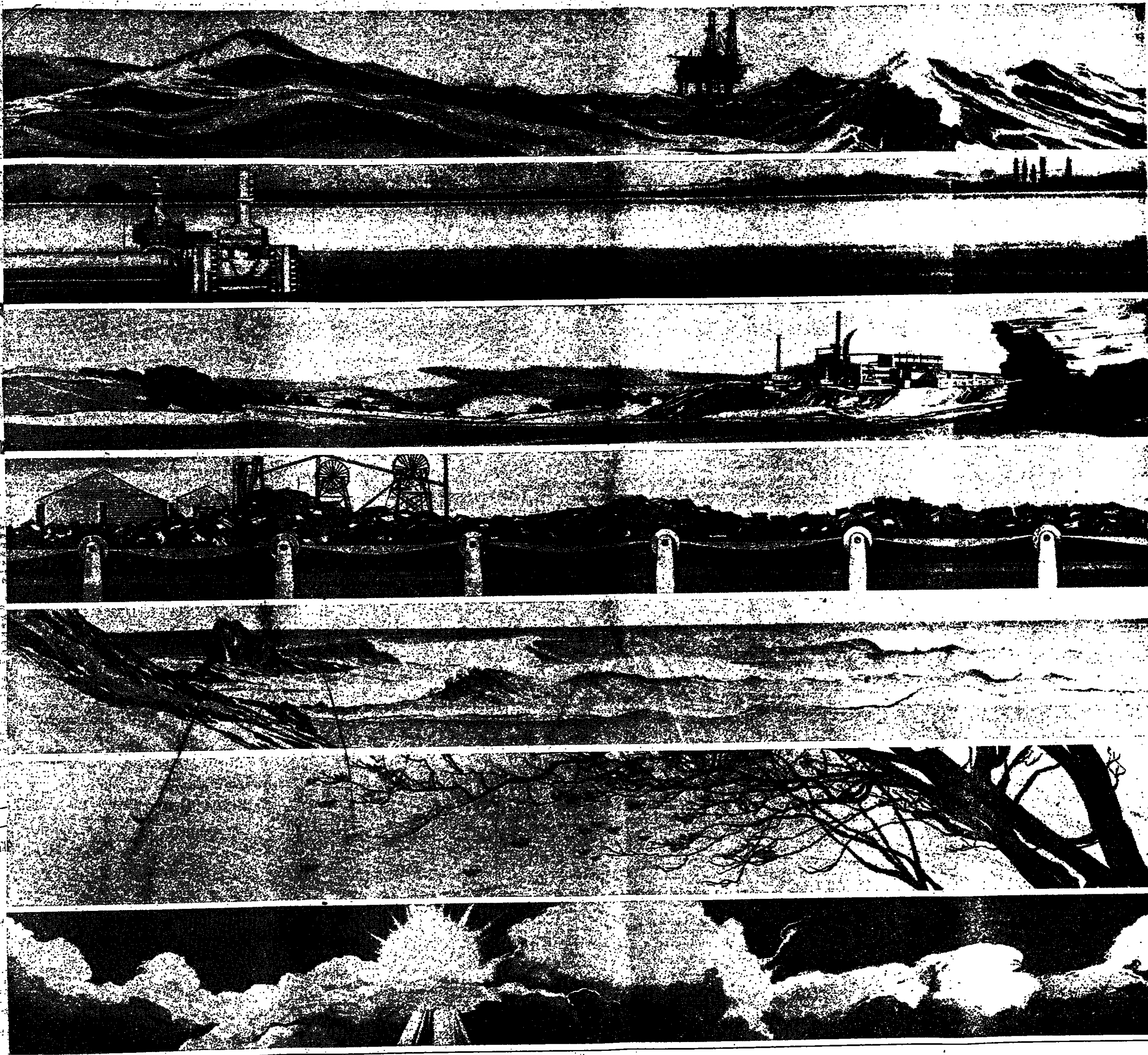
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GLENHILL
The Laser Building, Staines Road, Hounslow, TW3 3JB. Tel: 01-570 7755.

Find out how much your offices are really costing you!

مكاتبنا لاجل

WHICH KIND OF ENERGY WILL STILL BE AROUND IN 2001?



	1975/76 £ million	1976/77 £ million	
THIRD PARTY SALES	215.0	260.0	up 21%
PROFIT BEFORE TAX	19.3	26.4	up 37%
PROFIT ATTRIBUTABLE	10.5	14.8	up 40%
EARNINGS PER SHARE (after tax)	10.6p	13.4p	up 26%

OURS.

By 2001 the world will be running desperately short of oil.

What will replace it?

One thing is certain. Whatever our power source, we will have to convert much of it into electricity to realise its full potential.

This is where Chloride comes in.

We are now the world's largest manufacturer of rechargeable batteries. This gives us the potential to store more of the world's electrical energy than anyone else.

We spend over £3 million on research and

development each year. Developing and testing the batteries of the future. And the systems and equipment to go with them.

Last year we invested a total of more than £19 million on new buildings and equipment.

And in this Silver Jubilee year, as proof of our belief in Britain, we're proud to say that over half of our investment has been at home.

Once again, our energy has earned us good profits. We're particularly pleased to report a 26% increase in earnings per share. Also that 58% of our profit was earned abroad.

But what excites us most is the opportunity we now have to share in the future for pollution-free electricity. With the silent power of the battery.

No-one quite knows where the world's energy will come from by the end of the century.

One thing is certain.

Chloride will be ready to store it.

CHLORIDE

Copies of the Annual Report and Accounts will be available from the Secretary, Chloride Group Limited, 52 Grosvenor Gardens, London SW1W 0AU, after July 1st, 1977.

PARLIAMENT and POLITICS

LABOUR NEWS

Few signs of optimism among MPs

Foot hopes devolution can be revived next session

BY IVOR OWEN, PARLIAMENTARY STAFF

OPponents of the Government's devolution proposals... Mr. Foot had already admitted his inability to overcome the consequences of the Parliamentary defeat last February...

By then, Mr. Foot had already admitted his inability to overcome the consequences of the Parliamentary defeat last February which prevented the Government from using the guillotine to secure the passage of its first devolution Bill...

effective and democratic influence in those matters of government which directly concern them within the context of the unity of the United Kingdom...



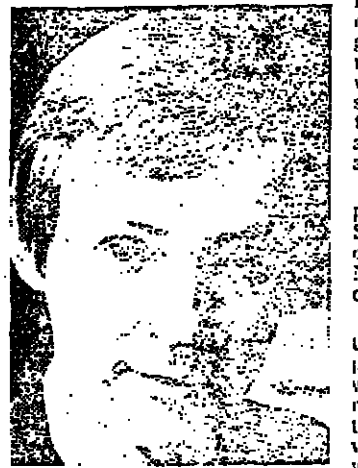
Mr. Neil Kinnock

There were ironic cheers when he admitted that it was no longer practicable to contemplate further discussions been taken up when first made, substantial progress could have been achieved by now...

Mr. Foot countered that the Conservative proposal for wide-ranging consultations had been advice to do nothing. It would have taken the issue back to the pre-Kilbrandon (Constitutional Commission) stage...

Mr. Foot also had to deal with further pleas from the Government backbenches for referenda in Scotland and Wales...

Mr. Foot also had to deal with further pleas from the Government backbenches for referenda in Scotland and Wales...



Mr. George Reid

a "non-statement" and provided that the Government lacked the determination to carry through the necessary legislation...

Mr. Foot reported that difficulties had also arisen over a proposal by the Conservative Party, which had advocated wide-ranging terms of reference for the Select Committee...

There had been general support for the suggestion of a Select Committee, with the exception of the Scottish National Party...

Mr. Foot reported that difficulties had also arisen over a proposal by the Conservative Party, which had advocated wide-ranging terms of reference for the Select Committee...

ther progress on the Scotland and Wales Bill in the current session.

"However," he stated "it is our objective the legislation should be enacted next session. To this end, the Government are engaged in consultations with our supporters and the Liberal Party...

Mr. David Steel, the Liberal leader, stressed that the fact that the Government was in difficulties over devolution was not an excuse for doing nothing at all.

Mr. Francis Pym, chief Opposition spokesman on devolution, said there would be disappointment and regret that Mr. Foot had broken off the inter-party talks on devolution.

At the same time, he argued that there could be no progress in this area so long as the Government was wedded to a scheme which had been proved in debate to be riddled with flaws and unable to command the support of the House.

Mr. Pym complained that Mr. Foot had misrepresented the Conservative Party's position on devolution and asserted that had proposals for broad-based dis-

Protests lead to Coal Bill delay

BY IVOR OWEN

UNDER A BARRAGE of Opposition protests, the Government yesterday postponed consideration of the report stage of the Coal Industry Bill by the Commons.

Mr. Jo Grimmond, the former Liberal leader, joined with Tory MPs in arguing that as the Hansard report on important aspects of the committee stage proceedings on the Bill was not available, the House would be unable to give proper consideration to the measure.

Sir John Langford-Holt (C, Shrewsbury) described the situation as wholly "unacceptable" and Mr. Peter Rost (C, Derbyshire SE) maintained that it would be derogatory of the democratic principle of Parliamentary proceedings for the report stage to be allowed to proceed in such circumstances.

Mr. Michael Foot, Leader of the House, bowed to the protests and agreed that consideration of the report stage of the Bill should be postponed to a later date.

In a statement issued later, Mr. Tom King, shadow Energy Secretary complained: "This is but the latest in the series of examples of culpable incompetence shown by the Government in the handling of Parliamentary business."

Mr. Foot made it clear that the intention was that there should be one or two Bills and the question of whether the Scottish Assembly should have tax-raising powers were among the matters still under consideration.

Mr. David Steel, the Liberal leader, stressed that the fact that the Government was in difficulties over devolution was not an excuse for doing nothing at all.

Mr. Foot also had to deal with further pleas from the Government backbenches for referenda in Scotland and Wales...

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Rees asks police for Grunwick strike report

BY NICK GARNETT, LABOUR STAFF

THE HOME Secretary and the Employment Secretary, on Thursday to discuss the dispute and the National Council for Civil Liberties has joined APEX officials prepared to mount a bigger picket at the North London film processing company to-day.

Mr. Merlyn Rees, the Home Secretary, asked Mr. David McNee, Metropolitan Police Commissioner, to draw up an urgent report on Monday's incidents at Grunwick which resulted in 84 arrests and accusations of police brutality.

Mr. Denis Healey, Chancellor of the Exchequer, who is a member of the Association of Professional, Executive, Clerical and Computer Staff, which the Grunwick strikers belong to, was making provisional plans to visit the factory but has day morning, apparently abandoned the idea, complained that although he and at least for the time being, the police had reached an agreement on the way the picketing should be handled some police officers had acted "improperly."

The police have maintained that they have acted completely impartially in the dispute and have simply been trying to keep the roads clear and allow peaceful picketing.

Mr. George Ward, Grunwick's owner yesterday accused union officials of bullying employees working at the factory and refused allegations made by some members of the strike committee that he is a racist paying low wages in sweat shop conditions.

The 70 strikers, most of whom are Asian have been seeking recognition through APEX. The Advisory, Conciliation and Arbitration Service has recommended that APEX should be given recognition by the company.

NALGO set to say no to Phase Three

BY DAVID CHURCHILL, LABOUR STAFF, IN SCARBOROUGH

LAST MINUTE resolutions both for and against a new pay policy failed yesterday to get on the agenda for to-day's debate at the National and Local Government Officers Association conference in Scarborough.

The agenda committee ruled that they were not true emergency motions. The same ruling prevented the union national executive committee's resolution being put on the agenda.

The NALGO executive broadly supports a new pay deal, qualified by demands for a change in Government economic policy, and this will be made clear to delegates during the debate.

The turn of events came as Mr. Geoffrey Drain, NALGO's general secretary, was in London for a meeting of the TUC economic committee on the future of an incomes policy.

Mr. Drain's task to-day in bringing his union behind some divisions on to an incomes policy will not be made easier by the fact that his speech will be limited to four minutes like other conference delegates because of the failure of the national executive to get the emergency resolution onto the agenda.

Opponents of a third phase will speak first to last and this vote which is expected to be close.

The motions rejected by the agenda committee came from Surrey County officers, and Dumfries and Galloway branches.

A ten-week old national overtime ban by 700,000 local government white collar workers, the first ever national industrial action by NALGO has failed to have significant impact on local authority activities and could be called off by delegates.

The ban, which began on April 1, has mainly delayed refuse collection and rate demands and led to some council services being curtailed.

The failure to bring divisions on to an incomes policy will not be made easier by the fact that his speech will be limited to four minutes like other conference delegates because of the failure of the national executive to get the emergency resolution onto the agenda.

Redundancy award for worker who resigned

By Our Own Correspondent

A FORMER British Leyland worker walked out of the company's plant in Castle Bromwich rather than play cards all day, a Birmingham industrial tribunal was told yesterday.

The tribunal ruled that Mr. Derek Plows was right to dismiss himself and has ordered the company to pay him redundancy money.

Although Mr. Plows walked out, the tribunal ruled that the circumstances were such that it amounted to the same thing as dismissal for redundancy.

Mr. Plows, 42, of Shelley Close, Fordbridge, resigned four months after his section of the night shift closed and he was switched to day, when he and others were "surplus to requirements." The tribunal ruled that payment of £3,336 a year for being idle was not adequate substitute for £4,284 a year working through the night.

In addition to Mr. Plows redundancy pay, which was awarded, the company agreed to pay him severance pay and the notice money he forfeited when he left.

Mr. Gerard Lawlor, plant industrial relations manager, said the company had wanted to retain the skills of men such as Mr. Plows, trimmers and finishers dealing with interior carpeting and upholstery.

But he said, the company was trying to get extra work for the trimmers. He said that the company had agreed to pay overtime to men who had no work.

Mr. Jimmy Ray, the trim department convener, said after the hearing that the surplus men were no longer spending days in the canteen playing cards. They were "asking men in the trim shop."

The tribunal's decision is being studied by the Transport and General Workers Union, which represented Mr. Plows. It was successful, but case for 17 claimants dismissed in the union is bringing on behalf of men from the Castle Bromwich plant and trim shops who were dismissed in a dispute following their refusal to accept jobs that are considered of lesser status.

Peace bid in depots strike

NEW ATTEMPTS were being made yesterday to end a strike by nearly 1,000 distribution and production workers of the J. Sainsbury supermarket chain.

Unofficial industrial action was first taken in one of the company's warehouses at the beginning of June and since then has spread to two more of Sainsbury's four major depots because of a dispute over pay.

A spokesman for the company said yesterday that strikers had not fully exhausted the official dispute procedure before taking action, but the case had now been put before the Advisory, Conciliation and Arbitration Service.

The strike over a pay claim which the company has argued would contravene the Phase Two incomes policy, has not yet had a major impact on business, it is claimed.

MANAGING TRADE UNION NEGOTIATIONS

A one day seminar on Tuesday, 21st June, 1977, at the Hyde Park Hotel, London, S.W.1

For further information please contact: Mrs. Joyce Hawkins on 01-869 4422

Hayhoe hits at closed shop stance

THE GOVERNMENT'S claim to have adopted a neutral stance on the closed shop was like the neutrality of Pontius Pilate, Mr. Barney Hayhoe, a Tory employment spokesman, suggested in the Commons yesterday.

Mr. Harold Walker, Employment Minister of State, said the Government believed it right "that we should have a policy of neutrality, and that the law should be neutral as it is."

Mr. Hayhoe asked: "How does your neutrality on this differ from the neutrality of Pontius Pilate?" There was no comment from Mr. Walker.

Mr. Ian Gow (C, Eastbourne) said the number of British Rail employees sacked for refusing to join a trade union had risen to 40. He wondered if Mr. Walker really believed it was right for the Government to accept a policy of neutrality "when we are moving towards a closed shop Britain?"

MPs applaud decision to pay vaccine damage compensation

THE GOVERNMENT has decided to pay compensation to children who are damaged in public vaccination programmes, Mr. David Ennals, Social Services Secretary, said in the Commons yesterday.

He told MPs that the Government had agreed in principle to a compensation scheme for those seriously damaged by vaccination, both existing and new cases.

The exact details of the scheme would not be known until the Royal Commission on Civil Liability and Compensation for Personal Injury made some firm recommendations.

Mr. Ennals said that it would not be possible to put the compensation scheme into effect for some time. The advance announcement would be welcomed by MPs and the public.

Dr. Gerard Vaughan, for the Opposition, welcomed the announcement but stressed that there would still be doubt and anxiety until the exact details were known. He said there was urgent need for a statement on the effects of whooping cough vaccine.

Mr. Ennals replied that the Royal Commission should be reporting in the autumn and details of the scheme would be published as quickly as possible. A statement on whooping cough vaccine would be made next week.

Mr. Jack Ashley (Lab. Stoke S) praised the announcement as "a victory for common sense." There should now be a massive campaign for immunisation where there was no conflict of medical opinion.

He Ennals replied that if the present alarming fall in vaccinations continued it would lead to "a recurrence of serious communicable disease on a scale not seen for many years."

He hoped a major campaign, appealing to parents to think of the interests of their own children and of the nation's children, would be started soon.

Mr. Robert Sheldon, Financial Secretary, said that the Government was studying the National Enterprise Board's report on the alleged slush fund operated by British Leyland.

The report, prepared by the head of the National Enterprise Board, Lord Ryder, was handed to Mr. Varley on Monday.

Confirmation that Mr. Varley has received the report was given in the Commons last night by Mr. Leslie Hutchinson, Under Secretary of Industry, replying to Mr. Max Madden (Lab., Sowerby).

Privileges breach claimed

LABOUR MP, Dr. Oonagh McDonald (Thurrock) yesterday claimed that a circular sent to MPs by the Society for the Protection of the Unborn Child was a possible breach of privilege.

The Speaker, Mr. George Thomas said he would give a ruling to-day.

Dr. McDonald said the circular, which urges support for a private member's Bill proposed by Mr. William Beynon (C, Buckingham), to amend the Abortion Act, was an attempt to prevent MPs voting according to their consciences and to "stir up hatred against individually named MPs."

She was supported by Mr. Rhodes James (C, Cambridge) who asked the Speaker to consider an extract from the circular which was "inaccurate and gravely reflects upon this House and on members."

Leyland report reaches Varley

MR. ERIC VARLEY, Industry Secretary, is studying the National Enterprise Board's report on the alleged slush fund operated by British Leyland.

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Written answers

TREASURY

Mr. Tim Sainsbury (Con., Hove). What the total value of tax relief on mortgage interest in 1976-77 would have been on the basis of a standard rate of income tax of 30 per cent and all higher rates at the same levels as at March 1, post-war levels?

Mr. Robert Sheldon, Financial Secretary, About £950m.

Mr. Frank Ailman (Lab., Salford E). How much reduction of mortgage interest by 1 per cent would have been about £85m.

Mr. Michael Morris (Con., Northampton South). How much money is still held by the authorities in post-war credits awaiting claimants?

Mr. Robert Sheldon. About £45m. plus £12m. interest.

Mr. Neil Martin (Con., Sowerby). Will the Chancellor now restore the Whit Bank Holiday to its original place in the calendar in order to avoid the disruption to international business caused by being out of line with so many other countries who have the holiday a week earlier?

Mr. Robert Sheldon. No. The Bank Holiday Act, 1971, which designated the Monday in Whit-sun Week as a Bank Holiday, was repealed by the Banking and Financial Dealings Act, 1971. This designated instead the last Monday in May as what has become known as the Spring Bank Holiday. For 1977 only, this holiday was deferred until the first Monday in June in order to create a longer holiday break with the Silver Jubilee Special Bank Holiday.

Rural transport win for Tories

By Ian Hargreaves, Transport Correspondent

A GOVERNMENT plan to allow experiments with alternative forms of public transport in rural areas could be substantially widened as a result of a Government defeat yesterday.

An Opposition amendment during the committee stage of the Passenger Vehicles (Experimental Areas) Bill was accepted by six votes to four.

The amendment proposes that the Transport Secretary must designate any area for experiment at the request of a local authority rather than limiting the scope to 16 specific experiments in four areas of Britain, as the Bill states.

Mr. Norman Fowler, Opposition transport spokesman, said the defeat was important because at least one local authority had had a request to set up an experimental service turned down by the Government.

Art works

PRIVATELY-OWNED works of art worth £6m. have been loaned for an exhibition of paintings at Somerset House between July 7 and October 9 Mr. Kenneth Marks, Environment Secretary, said yesterday. Total loss indemnities to this value had been given to the owners.

Jubilee crowns

SILVER JUBILEE crowns are being minted at a rate of 1m. a week to meet public demand in full. Mr. Dennis Davies, Treasury Minister of State, said in a Commons written reply.

Walker reports improved jobs picture for school-leavers

EASTER school-leavers have done much better than was expected in finding jobs. The improved position was disclosed in the Commons yesterday by Mr. Harold Walker, Minister for Personal Employment, who said that of an expected 59,000 leavers, a little over a quarter had registered as unemployed.

Of these, between 6,000 and 7,000 had entered employment or training within four weeks. He told MPs: "This indicates that about 50 per cent of the

Easter school-leavers are now in employment or training."

On the broader issue of jobs for school-leavers, Mr. Walker estimated that 634,000 Easter and summer term leavers would be seeking employment this year, compared with about 616,000 in 1976.

"However, it is too early to try to make a prediction about the employment prospects of the summer school-leavers. Their placing is normally spread over a period of several months," he added.

MPs pressed the Government on the Manpower Services Commission report "Young People and Work," which has been handed to the Employment Secretary (Mr. Albert Booth) and contains recommendations to ease the jobless situation among young people.

Mr. Walker repeated several times that the Government hoped to express its views and comments before the end of the month.

Mr. Dennis Canavan (West Stirling) called for a democratic system of appointment of ambassadors and other public servants. His private member's Bill, which he said should probably be titled the "Anti-patronage Bill," was given a formal first reading.

Mr. Canavan said Britain was two centuries behind the U.S. on appointments. Under the American constitution, the President could propose nominations but these had to be approved by the Senate.

He wanted a similar system for the U.K. with House of Commons approval. Ministerial appointments and the added approval of trade unions desired for the nationalised industries.

This would reduce or limit the possibilities of nepotism and be "a gigantic step forward for democracy," he claimed.

Skinner attacks jobless 'mountain of misery'

THE COST of financing unemployment—"this mountain of misery"—was attacked in the Commons yesterday, Mr. Dennis Skinner (Lab., Bolsover) said that £4bn. a year was involved if pay, associated benefit payments, and loss of tax revenue were taken into account.

The Government, he said, should make up the three simple problems of hundreds of millions of bricks on the ground, a quarter of a million construction workers on the dole, and thousands of people wanting a home.

Mr. Albert Booth, Employment Secretary, said his Department was working with the Department of the Environment and the Treasury, on ways of dealing with "precisely the major point" raised by Mr. Skinner.

Mr. Booth refused a Conservative invitation to predict the trend of unemployment. He said that it would be impossible to make such a prediction with any hope of accuracy.

She said: "Concern has been expressed to me about Germans, Belgians and Americans buying tracts of land in Lisle and elsewhere."

She is to ask Mr. Millan what record is kept of such transactions, what estimate has been made of land in Scotland now owned by foreigners and whether a limit is envisaged on such ownership of Scotland land. She also wants to know what steps the Minister is taking to prevent such speculative sales.

Scottish land sales worry

AN MP has called for Government action to curb the "disturbing trend" of private sales of land in Scotland, particularly in the islands, to foreign buyers.

"Great tracts of land in Scotland are now owned by foreigners," said Mrs. Margaret Bain, Scottish National MP for East Dumbartonshire, yesterday. She has tabled a series of Commons questions to Mr. Bruce Millan, Scottish Secretary, expressing disquiet about this "growing practice."

John Gaselee

FINANCIAL TIMES SURVEY

Wednesday June 15 1977

Marine and Aviation Insurance

Excess underwriting capacity is still troubling the world marine and aviation insurance markets, and conditions may take a while to improve. In this survey JOHN GASELEE reviews prospects as seen from London and other centres.

Returns still on the low side

there is something of a price war and a consequent drop in profitability. Almost inevitably the pendulum swings too far, with the result that losses are made and in due course the insurance market increases rates so that it is once again in profit.

At the moment both the marine and aviation markets are at low points. The international marine market attracted a number of newcomers some years ago, a development which led to severe competition. There is no doubt that the competitive elements have been helped by relatively high investment earnings. Now, however, there are signs of a change.

For a start, the investment prospect is not so encouraging. But more important, insurers are seeing that underwriting results for the earlier years are far from satisfactory. Unlike certain classes of business, marine insurance has a long run-off—partly because in many cases expensive repairs may be deferred for some years—with the result that it can take time, particularly for a relatively inexperienced underwriter, to assess how an account is progressing.

Logical

In the aviation market the pattern has been very much the same. Here, capacity was increased not only by what might appear to have been logical moves by insurers into the aviation market, but also by U.S. life companies taking an interest. While it can be argued that in this way extra capacity was provided when it was needed for the larger aircraft,



Claims running into hundreds of millions of dollars are expected to follow the ground collision earlier this year of the two jumbo jets at Tenerife, which resulted in the total destruction of both aircraft and heavy loss of life.

there is little doubt that this same extra capacity has helped to contribute to the competition and general rate-cutting in the market. While the U.S. life companies have not led risks, their participation has allowed business led elsewhere at comparatively low rates to be completed.

British marine underwriters would have suffered reductions in premium income had it not been for North Sea oil business and other classes of non-traditional business. There have been reductions in premium rates for some fleets, so as to retain business. In other cases British underwriters have been content to let the business go elsewhere, feeling that the terms offered would prove uneconomic. This has meant that the British market's interest in some of the larger total losses over the past year or

two has often not been as great as it would have been in the absence of the severe competition and rate cutting.

In aviation business it may take an underwriter three or four years to discover whether he is making a profit. While the amount to be paid out on the hull of an aircraft which is a total loss is known straight away, it can take a long time before there is any clear indication of how much the consequent liability claims may total. As a result, those who entered the aviation market after the good year of 1971 are just appreciating the effect of the sharp fall in premium rates since then.

As an indication of the reductions which have been made, take the case of the Boeing 747s. When these aircraft were first introduced, 2 per cent, was

an average rate. Before the Tenerife disaster earlier this year their safety record was very good, with the result that after all the returns and deductions, the rock-bottom premium rate for a first-class airline with a good record might have been as low as 0.25 per cent.

As premium rates for airlines have dropped, so light aircraft have come to represent a higher proportion of the overall premium income of many insurers. Here too there have been rate reductions. These have not necessarily been justified by experience, but to some extent have been "in sympathy" with the reductions for airlines. Clearly also, there is even greater capacity for the insurance of smaller aircraft, and thus even greater competition.

While an appreciable amount

of marine business has left the British market (on what may year their safety record was temporary basis), comparatively few airlines have been lost to London altogether.

It is virtually impossible to estimate world premium income. In some quarters, however, it is felt that Britain may write as much as half of the marine premium income of the world. In aviation business, with probably even more involved reinsurance arrangements, the sums become even more difficult. Nevertheless, it is clear that the British market writes a significant proportion of the world's aviation premium income.

One effect of being the leading market is to make it a target for competitors. For some time leading underwriters in the London market have had com-

plete freedom to fix renewal terms for fleets of ships. The Joint Hull Formula has remained in existence as a guide-line for underwriters, but it has been recognised that the biggest single disadvantage of the formula is that it becomes a target for competitive attack. As one has said, an underwriter abroad usually can determine the sort of rating level which will be required for renewal by the London market, and the more irresponsible insurer will base his quotation on his need to compete, rather than on actual results.

Experts

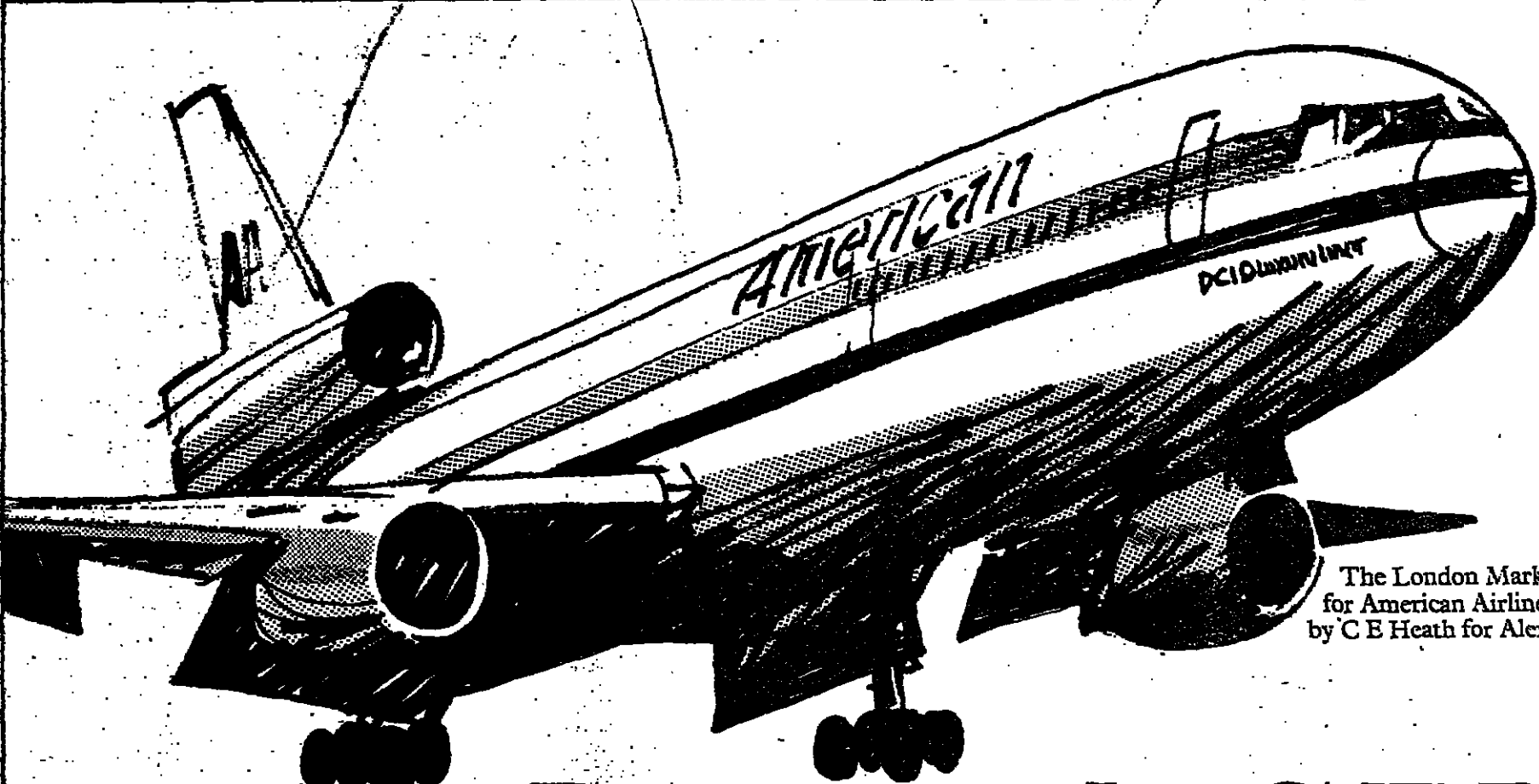
There are, however, certain classes of marine insurance where the world market depends to a great extent on London. Underwriters in London are the acknowledged experts in connection with shore operations involving oil or gas. Considerable effort has been put into this business over the years, and there were substantial underwriting losses at one stage. The London market is anxious not to forfeit the lead which it has established in this field. Naturally, substantial reinsurance is placed, thus effectively absorbing the entire world capacity.

Both for marine and aviation insurance, the London market has the great advantage that it has a wider spread of business than any other market in the world. As a result, it can look at individual risks and fleets in the light of very wide experience.

As an example, take a coun-

try's national airline. Domestic ing a relatively wide account of means of reinsurance, are probably too close to the subject to be able to assess the right rate to charge. On the other hand, London underwriters, with their wide-ranging interests, can compare the rates charged in respect of a wide variety of airlines—and there are very substantial variations in the rates which are charged, depending on the experience and underwriters' assessment of individual airlines.

While there are international agreements limiting the liability of airlines for claims in respect of injury to or death of passengers (although, increasingly, these limits are being circumvented by claimants), an aircraft manufacturer cannot claim such limitation of liability. Major manufacturers may arrange cover of up to \$400m, or more. For those who write this business, it can often represent an accumulation of risk since, in the event of a loss, it is additional to the insurance on the hull of the aircraft and the airline's liability insurance. The London market is the acknowledged leader for products liability insurance, and a substantial proportion of this business is written in London.



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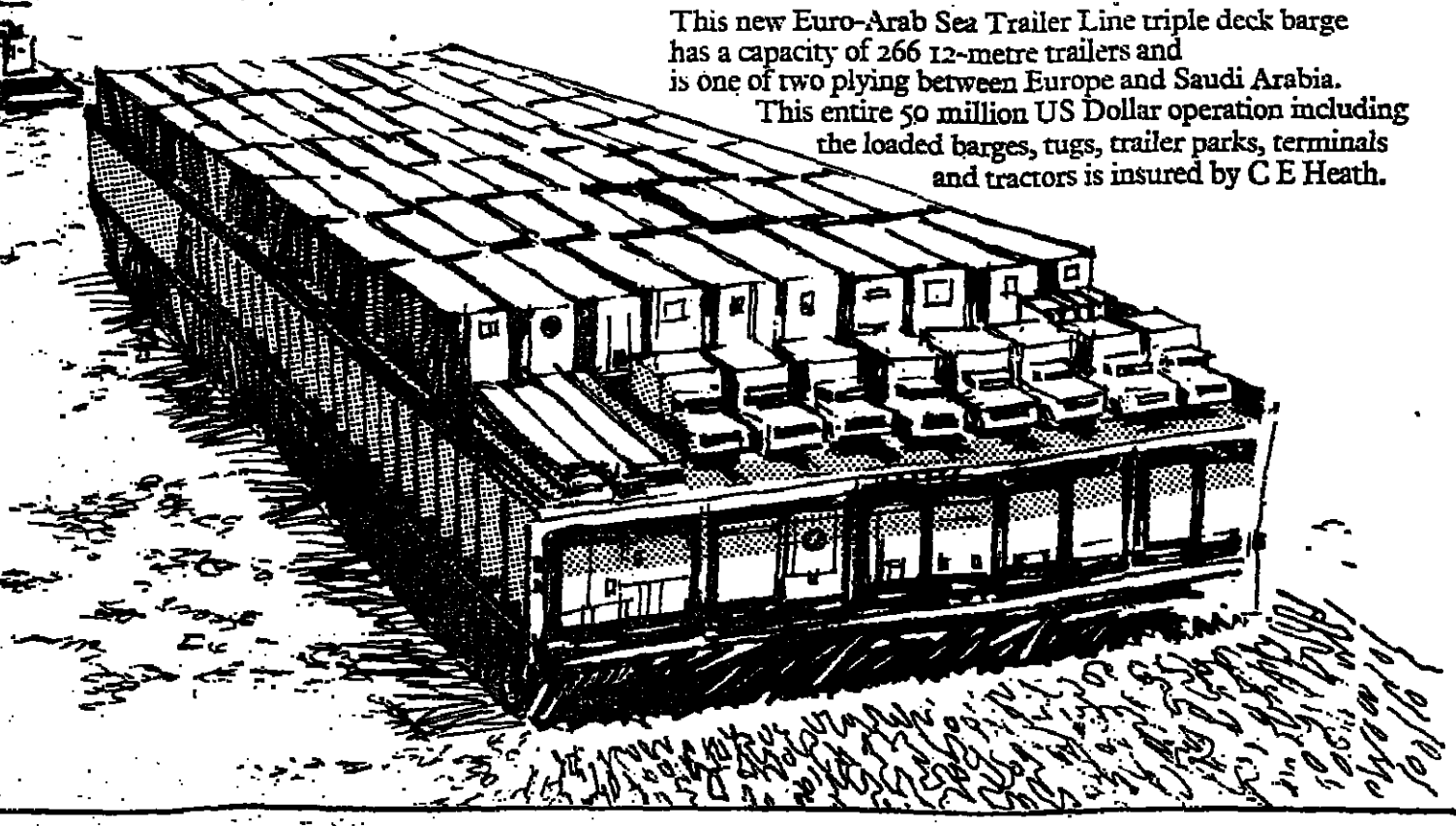
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LONDON is looked upon as the world centre for marine and aviation insurance. This is partly because of its expertise and partly because of the capacity which it can provide. There is, however, plenty of competition for the London market—as has been seen all too clearly in recent years.

London brokers operate on an international basis and while, on purely personal grounds, would no doubt prefer to be able to place the bulk of the business they handle in the London market, they have to respond to movements and changes of emphasis in the market, so as to secure the best possible terms, commensurate with security, for their clients. Although plenty of emphasis is given to the role of brokers in bringing back overseas business for placement in the London market, it should not be forgotten that to an increasing extent brokers have been placing business in overseas markets. Traditionally, reinsurance has been international, and the same can be said for marine and aviation business.

One of the difficulties after a large marine or aviation loss is trying to discover where the loss will finally fall, after all the different forms of reinsurance and retrocession have been taken into account. While it is usually easy enough to arrive at the amount of direct insurance (or reinsurance of domestic insurers) written by the London market, it is difficult to follow the threads after that, because of the differing reinsurance arrangements of individual insurers. Certainly in many cases the actual net loss for the London market will prove to be substantially below the initial settlement.

Sometimes, when there is intense competition in the market, with business being written at barely economic rates of premium, insurers put the blame on brokers for forcing premiums down to unrealistically low levels. The brokers' reaction to such criticism is that they must act in the best interests of their clients and that in effect they are reflecting the mood of the market at any time. It is the market which makes the premium rate—whether or not, on the face of it, this appears to be unrealistically low or an over-reaction to poor claims experience.

After the collision of the two wide-bodied jets at Tenerife, it looked as though this would have the effect of forcing underwriters to increase many rates of premium at renewal. While immediately after the disaster this was very much so, the initial strength of mind on the part of underwriters seems to be wearing thin. Brokers make the point that there is still considerable over-capacity in the aviation market, and thus a scramble for business on the part of underwriters.

Aviation insurers do not normally want to be left off a fleet which has proved profitable in the past, and thus may well be prepared to write the risk at a lower rate of premium than they would have liked. In other words, some premium is considered better than none at all, despite the fact that in theory the rate may be too low.

Sometimes, both in the marine and aviation markets, an underwriter in London (not necessarily a member of the traditional London market) may be prepared to quote a rate lower than that required by the recognised leading underwriters, and write a line at that rate. At that point the risk may be offered overseas, with the magic words "led in London" or "London rate." Normally, such phrases indicate to overseas insurers that the risk is being written at the rate quoted by the old-established sector of the London market, and thus is generally acceptable elsewhere. Clearly the situation can be different where only one or two underwriters in London are prepared to write a risk at the rate in question.

It appears as though some overseas insurers, anxious to secure premium income, do not inquire too closely. Others who know the market are likely to ask the name of the leading insurer, or may contact underwriters in the established sector of the London market to ascertain the exact position.

Certainly brokers have a very wide choice of market on which to call. This includes not only overseas insurers based overseas, but also the increasing number of overseas insurers establishing companies in Britain. Inevitably, with such a wide market there can be serious problems regarding security.

As in any other area, often the best way for lesser known insurers to wrest business from the established market is to quote a lower rate of premium. Here, brokers may have to point out to their clients that, while a lower rate of premium is being quoted, the security is not of the same high order as the established market. It is then up to the client to make the decision. This is all part of the service provided by a broker, and it can prove crucially important.

When arranging reinsurance, brokers must also think of the level of protection being provided for the insurers for whom they are acting. Added to this, insurers arranging outwards reinsurance are likely to have their own views on the subject, and may very well provide brokers with "black lists," containing the names of insurers which they are not prepared to accept as security.

In many ways they can help to provide local insurance markets throughout the world with practical assistance and flexible reinsurance arrangements. While the London market cannot claim to have innovated this idea, perhaps it can claim to have given local markets more freedom than some other reinsurers which have set out to cultivate them.

While there have been various improvements in the level of currencies which insurers can hold, the current position is not entirely satisfactory. Nevertheless, it does mean that a broker can make a single settlement in respect of a multitude of currencies and, using sterling as a medium of settlement, claims in one currency can be set off against premiums in another, which would be impossible if individual currencies were settled independently. A further advantage for the broker is that it reduces the need to make cash calls upon insurers. Premiums in a variety of currencies can effectively be used to pay a relatively large claim in another currency. With individual settlements, underwriters would have to be asked for a special settlement for every large claim.

Keen quotes for sea cargoes

Elsewhere

Whereas for many classes of marine and aviation insurance London has been looked upon traditionally as the market leader, brokers have been able to develop alternative markets in recent years. In such cases, where the recognised London leaders appear to be quoting on the high side, a broker may be able to start the placing of a risk elsewhere at a lower premium. When the London market appreciates that in all probability the risk can be placed at the lower rate, it may be prepared to subscribe at that lower rate.

In other cases the position may be virtually reversed. For instance, a national airline may

INSURANCE OF seagoing cargoes is spread widely around the world, with such insurances tending to be placed in domestic markets and individual insurers arranging for whatever reinsurance they need. There has been relatively keen competition in the market, and some underwriters consider that rates have been insufficient to build reserves for the virtually inevitable catastrophes which can be expected in the future.

There has been an increasing growth of container traffic, with more ports throughout the world becoming equipped to handle this mode of transport. This business, therefore, is forming a larger proportion of the cargo account than in the past.

Recent statistics show that there are three principal forms of container loss: breaking, denting and scratching; fresh water, theft, pilferage and non-delivery. Losses under the first heading mainly result from insufficient packing, especially when the container has been "stuffed" at the place of origin rather than at a container depot. More favourable experience has resulted from containers being carried on deck, largely attributable to the use of better methods for securing such cargo. To try to reduce losses from theft, pilferage, etc., efforts are being made in certain quarters to collate information on container losses, so as to try to establish whether there is a particular pattern of loss.

This applies particularly, although not exclusively, to developing countries. There are five main methods by which freedom of choice in placing cargo insurance is restricted. Imports may be required to be insured in the receiving country, or exports may be required to be insured in the country of dispatch.

Then again, discriminatory taxes may be imposed on cargo insurance placed with foreign companies, or the grant of import licences and exchange control processes may be used to influence the placing of insurance. Finally, insurance control procedures may be used to direct the placing of insurance, the most serious and frequently used way of restricting freedom of transport insurance is for a government to declare that all goods imported into the country must be insured with an insurance company registered in that country. The critics point out that this means that the freedom of contract is set aside.

Those arguing for freedom say it appears that insurance rates are higher in countries where restrictive insurance measures have destroyed the function of free international competition, with the result that the entire economy of such countries can suffer. After all, in the final analysis all increased costs have to be borne by the consumers.

Another point of concern to insurers is that a diplomatic conference, expected to be held early in 1978 and attended by representatives of governments from most countries, could bring about widespread change to the established system of insuring goods in transit by sea. The idea is being resisted by virtually all insurers throughout the world, ship-owners and many shippers. The aim is to achieve "simplification," but a common view is that the changes envisaged could result in a lawyer's paradise.

At one stage shipowners carried almost no liability towards cargo owners in connection with the cargo carried. They were able to exempt themselves in the contract of carriage from every conceivable consequence—whether through their own fault or not. That was changed by the Brussels Convention on Bills of Lading 1924 (Hague Rules). This put a limited degree of liability on the carrier, but a cargo owner believed to limit freedom of insurance by taxation, reinsurance practices, tariff rebating or punitive withholding of foreign exchange.

Before World War II government restrictions affecting cargo insurance were practically nonexistent. Since then there has been a growing tendency among countries to deny freedom of cargo insurance to importers and exporters. An essential aim of these restrictions is to encourage the development of domestic insurance industries in London market is thinking of the countries where these are for the good of all concerned rather than its own business. After all,

if more liability business were to be placed by shipowners, with less cargo insurance being arranged, it is the London market which would gain. In the liability field, it is a particularly important market whereas, as is well known, cargo insurance is written extensively in domestic markets throughout the world. There are many countries where a reasonable amount of cargo insurance is written, but where there are virtually no national fleets of vessels.

The more or less universal view among insurers is that the best way of protecting those with an interest in goods is to let them choose their own insurance protection, freely negotiating the conditions which are best adapted to the nature of the goods and the pattern of the trade. The relationship arising from cargo insurance is contractual, and recourse to law is the exception.

Varying

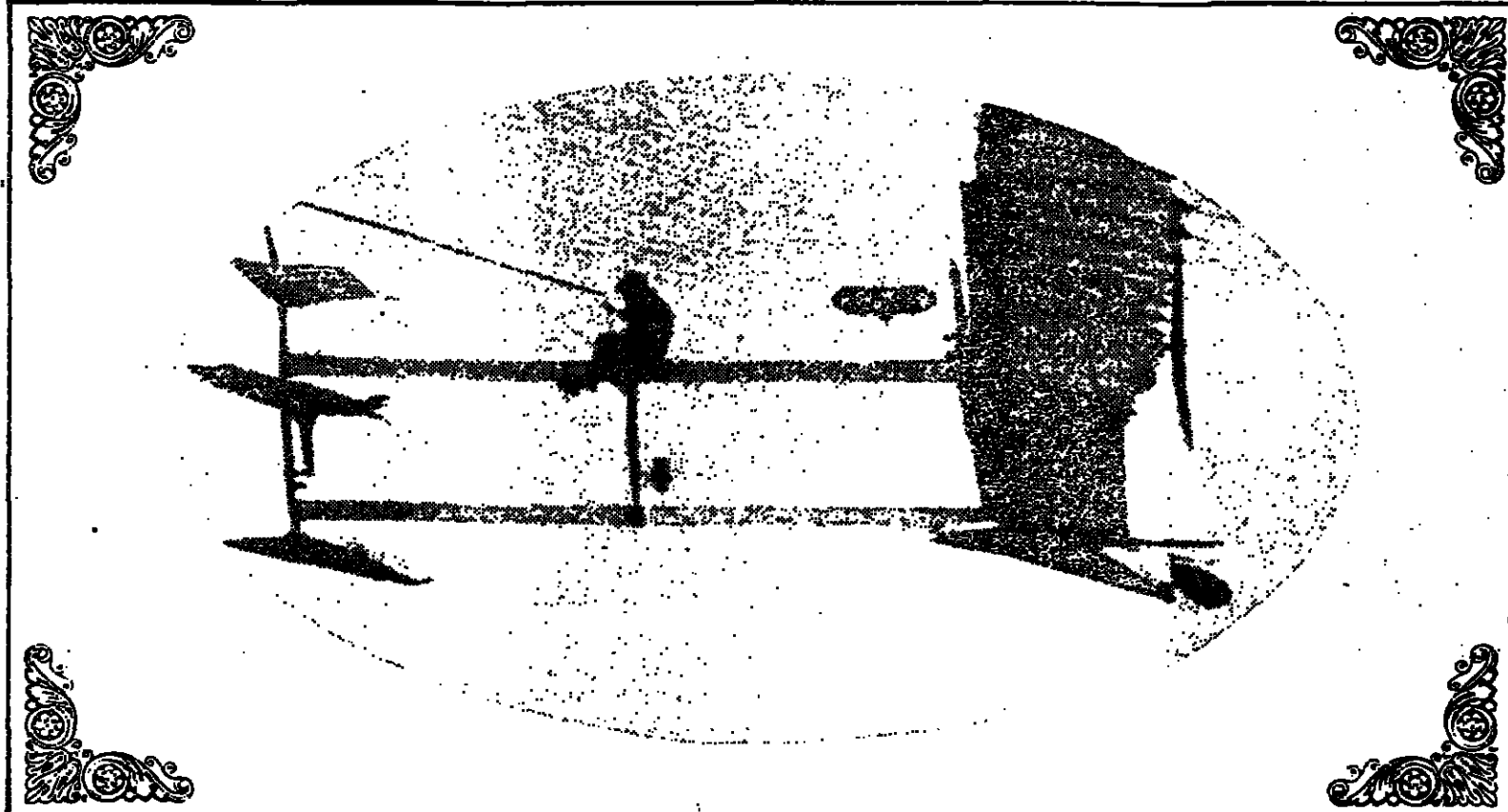
If, on the other hand, shipowners were obliged to make recoveries from shipowners, there would be a loss of flexibility; liability premiums probably would be payable as a lump sum, and thus could not be adjusted according to the risk relating to particular goods. This would result in the shippers of low risk cargoes subsidising the remainder. With cargo insurance, particularly where some type of continuous contract exists with an insurer, recognition is given to the varying claims experience of individual shippers. In the case of large shippers, administrative costs are often reduced.

Those in favour of the changes point out that the existence of carrier's liability insurance and cargo insurance (both of which are intended to indemnify the same claims) represent a costly duplication in cargo insurance premium and freight charge for a shipper, whereas with the entire risk concentrated on the carrier recourse action of the insurers against the carriers could be avoided.

Unfortunately, this would not meet the requirements of shippers, and cargo insurance would not become superfluous. Carriers would still benefit from certain exceptions from liability, leaving cargo interests uncovered unless they made their own insurance arrangements.

Insurers, therefore, take the view that the proposed modification would not result in the abolition of cargo insurance. Clearly, it would be impracticable to make a shipowner liable for loss of or damage to cargo except when it is in his control and care. While there are a few "blurred" points as to when this period starts and ends, usually the movement of cargo starts well before it arrives at the port warehouse and continues beyond the warehouse at the point of destination.

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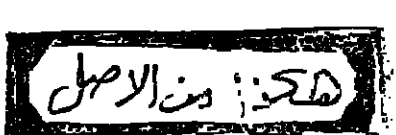
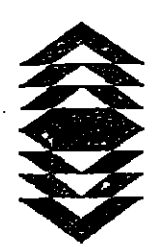


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MARINE AND AVIATION INSURANCE III

Hull rates depressed

THE MARINE insurance market considers that the premiums paid by shipowners are still too high, but it is only a severe recession within the insurance industry which has put premiums down to historically low levels. Despite inflation, and the resultant rise in the cost of repairs, there has been no overall increase in hull rates.

In April 1976, however, underwriters in the London marine insurance market were commended by the Joint Hull Committee to impose a 10 per cent loading for vessels insured in sterling, Italian lire and Spanish pesetas. The reason for this was simply to try to redress the effect of serious devaluation of the respective currencies, and was suggested that the surcharge should also apply to increases and reductions in the rate, and to the rates of vessels being added to fleets already insured.

In the past a substantial proportion of world shipping was insured in sterling. That is no longer the case, since it benefits other owners not insurers in the current circumstances. For insurers, there is the position at although premiums are received in sterling it is likely that claims for repairs will be

payable in other currencies, with the result that underwriters run the risk of a fall in the value of sterling between receiving the premium and settling the claim.

Understandably, there has been a further acceleration of the trend for international shipowners to insure their vessels in U.S. dollars. A number of British fleets are also insured in dollars. Quite apart from the question of any surcharge, it is important for a shipowner to be insured in a relatively stable international currency.

Dropped

When the value of sterling fell, it meant that the amount recoverable in the event of a total loss, in terms of international purchasing power, had dropped significantly. In some cases, while a vessel might have been insured for a value which represented the replacement cost, the drop in the value of sterling compared with the currencies of some major shipbuilding nations meant that a claim for total loss would have been quite inadequate to purchase a replacement.

While it is generally agreed among most marine underwriters that the total volume of

hull premium is insufficient, underwriters have not so far been able to introduce a general upward revision of rates. Some have taken the view that it would not be practicable to introduce an overall surcharge, as it would be difficult to apply it to owners with consistently good results.

At some stage, of course, there must be an upward move in rates. While shipowners appreciate that underwriters are entitled to more premium, naturally they are anxious to take advantage of the current situation for so long as it exists!

Buying a year's insurance at a price which cannot subsequently be increased for the period of cover has definite attractions when it is clear that the price is relatively low. If at some stage there is a sharp upward revision of rates, because of a contraction of capacity as a result of poor underwriting experience, some owners may choose to move away from the commercial insurance market for their protection.

In the non-marine market, large organisations operate their own "captive" insurance companies. These write the insurance business of the company owning them and reinsure in the commercial market. That is one way of tackling the prob-

lem for a large shipowner. On the other hand, to spread the risk over a wider base, it may be preferable to join forces on a mutual basis with other shipowners.

There are plenty of precedents for mutuality among shipowners. For instance, there are about 14 or 15 Protecting and Indemnity Clubs of significant size for international ocean-going tonnage, apart from smaller clubs dealing only with coasters, etc. Nearly all the international clubs are based in, or have strong connections with, Britain.

Probably rather more than 80 per cent of the world-wide fleet of shipping is entered with the clubs, which provide cover on a mutual basis for risks not normally insured by the commercial market. Protecting risks include personal injury, other crew liabilities, collision liabilities not covered in the hull and machinery policies, and damage to piers and other objects. The indemnity cover is concerned chiefly with shipowners' liability to cargo for short delivery, damage, over-carryage, etc. In addition, there is cover for immigration, customs and other fines to which a shipowner is exposed by the negligence of the master and crew.

P and I clubs also give pollution cover to members.

Being mutual, clubs cannot charge a fixed cost for the cover. Instead, "calls" are made, dependent on experience.

The clubs try, however, to smooth experience in a variety of ways, including arranging reinsurance protection in the commercial market for very large individual claims.

Mutuality

There are many other and more specific examples of mutuality. For instance, Oil Insurance of Bermuda, commonly known as OIL, is a mutual insurance organisation with 33 major oil companies in membership. About 85 per cent of the insurance in connection with the oil platform Bravo in the Norwegian Ekofisk field was placed with OIL, leaving only about 15 per cent spread over the French, Norwegian, New York and London markets. Naturally, OIL has reinsurance to protect the participating companies in the case of particularly large claims.

While so far there are not many mutual hull clubs in existence, there are at least some, and the idea could gain popularity. Naturally, particularly at the outset, such a club needs substantial reinsurance protection.

While some underwriters might not be prepared to write this business, feeling that the risks should be placed in the market in the normal way, almost inevitably others will take the view that the club will get off the ground, and that there is nothing to be gained by voluntarily declining to write the business.

While, therefore, underwriters would like to see premium rates increased, there is the risk of losing some of the business to mutual organisations of one kind or another, with only the reinsurance coming to the market. Quite apart from that, larger shipowners are understandably prepared to take substantial deductibles in their policies so as to keep premiums at reasonable levels. Increasingly, therefore, underwriters are losing the day-to-day run-of-the-mill claims, with greater emphasis being placed on cover for major losses.

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Pleasure craft market

IS CURRENTLY something a buyer's market for those wishing to insure most types of sailing boats and motor boats for pleasure purposes. This is because of keen competition within the insurance market—brought about to a great extent by the general economic position.

In the past, for most insurance companies and syndicates underwriters at Lloyd's write yacht accounts, there has been a natural increase in business—simply because of the increase in the number of boats in the country's coastal and inland waters. Now, a substantial proportion of newly constructed boats in the U.K. are being exported, with the result that there has been comparatively little growth in the number of vessels in use within the country.

ated by owners is that, while there has been a slight increase in boat building costs over the past few years, repair costs have increased at an even larger pace. One effect of this is that, if the sum insured has not been increased, damage which a few years ago could have been repaired at a cost within the sum insured may now render a vessel a constructive total loss.

Naturally, the sum insured is important so far as major damage or total loss are concerned. In addition, salvage charges are assessed on the full salved value of a vessel. If, therefore, a vessel which is under-insured is salvaged, without incurring very much damage, the salvage charges may be assessed on a higher value than the assured value. In this case, insurers will meet only their rateable proportion of the salvage charges, leaving the owner to bear the balance.

The saving in premium achieved by under-insurance may not amount to very much, since the rate of premium may be adjusted, according to the figure for which insurance is arranged. Traditionally, for instance, there has been an argument in favour of a reduction in the premium rate as the sum insured has been increased. That was logical with reasonably stable repair costs, since only the total loss element and salvage charges would be affected by the higher sum insured.

Now, since repair costs have increased so sharply, insurers need higher premiums to stay in the same position for normal claims resulting in repairs of an everyday nature. As a result a rule of thumb arrangement adopted by at least one yacht syndicate at Lloyd's is to leave the rate of premium unchanged for any increase in sum insured up to 20 per cent. Should an owner increase the sum insured by more than 20 per cent, some reduction may be allowed in the rate of premium—but only in respect of the increase in value in excess of 20 per cent.

Apart from competition between insurers resulting in something of a price war, there have been other improvements for the owners of yachts and boats. Some insurers are offering appreciably higher rates of no-claim discount than others. On the other hand, many yacht underwriters do not want to put

themselves in the position of granting unrealistically high no-claim discounts which, effectively, means that the basic rate of premium has to be higher than is really necessary.

With yacht insurance owners so often have comparatively little control over the loss situation. While the majority of motor insurance claims result from incidents while somebody was in the car (apart, of course, from theft, damage to parked cars, etc.), a high proportion of claims made by yachtsmen result from incidents when they were not on board. Severe storms when vessels are on their moorings can result in widespread damage. Theft and damage caused by vandalism are also of growing concern to underwriters. Now, a significant part of each premium is charged specifically to cover these risks.

A few insurers have abolished no-claim discounts for yacht insurance. Clearly this can avoid arguments at renewal, quite apart from making the administration more straightforward for the insurers and thus cheaper to operate. Where there is no no-claim discount to deter owners from making comparatively small claims, a compulsory excess may be imposed for accidental damage claims. Normally, if an owner wishes to bear a voluntary excess as well, this will result in a reduction in the premium.

are promptly "exported" in bulk. It is a stipulation of an insurance policy that, for the theft of an outboard motor to be covered, it must have been locked securely to the craft by an anti-theft device in addition to its normal method of attachment.

Some years ago a significant section of the yacht insurance market decided that, in the event of the loss of an outboard motor, the full cost of a brand-new replacement would not necessarily be met. The aim was to make some allowance for depreciation and wear and tear, with this not exceeding one-third. In other words, the aim was to provide an indemnity for market value, rather than insured value, but with a guarantee to yachtsmen that they would be able to claim a minimum of two-thirds of the sum insured. Now, however, some insurers, feeling that yachtsmen dislike having claims scaled down (for whatever reason) have reverted to the old principle of paying the full insured value on outboard motors.

Normally speedboats (that is, craft with a designed speed exceeding 17 knots) are subject to special speedboat clauses. Some insurers, however, have been prepared to amend these clauses in different ways. For instance, it is no longer universal for cover to be excluded while an insured craft is moored off an exposed beach or shore. Nor do all insurers exclude damage to propellers of speedboats, if hit by floating timber, etc. Some insurers are more lenient than others about the necessity for fire extinguishing equipment.

There is, therefore, plenty of competition among the insurers of yachts and boats. But, as with virtually every form of insurance, the cheapest is not necessarily the best. Yacht insurance is still conducted on a more personal basis than many other classes of insurance, with the result that an owner with a good record over the years will have built up some indefinable goodwill. There is no doubt that, in the event of a "borderline" claim of some kind, this goodwill can prove invaluable. Secondly, where really low premiums are quoted, the cover may not be as wide as is available elsewhere, or there may be a certain amount of cheese-paring at the claims stage, so as to save money.

Wrest

This means that those yacht owners wishing to increase their portfolio have to wrest the business from the existing insurers. As a result, some insurers have been cutting their premium rates—when, in view of inflation, rising costs of placement, etc., probably they should really have been increasing their premiums.

While some insurers have tried to take a realistic line by increasing premium rates, this is not always had the desired result. There has been a tendency in such cases for the other business to move elsewhere, and for such insurers to be left with the less desirable business on their books.

Traditionally, yachts have appreciated in value. Now, however, in many cases, with inflation, yachts are appreciating in value, and many insurers have an urging owners to increase the sums insured.

It is not easy for an owner to arrive at a correct value for insurance purposes. It can be argued that there is a choice of three different values. For instance, there is the value of brand-new replacement. Secondly, there is the value based on repair costs and, finally, there is the market value—which takes into account the yacht's age and condition. Normally it is the last figure which is used for insurance purposes although, naturally some latitude can be allowed.

A point not always appreciated

by owners is that, while there has been a slight increase in boat building costs over the past few years, repair costs have increased at an even larger pace. One effect of this is that, if the sum insured has not been increased, damage which a few years ago could have been repaired at a cost within the sum insured may now render a vessel a constructive total loss.

Naturally, the sum insured is important so far as major damage or total loss are concerned. In addition, salvage charges are assessed on the full salved value of a vessel. If, therefore, a vessel which is under-insured is salvaged, without incurring very much damage, the salvage charges may be assessed on a higher value than the assured value. In this case, insurers will meet only their rateable proportion of the salvage charges, leaving the owner to bear the balance.

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Prepared

Some insurers have set out to provide wider cover for owners in return for higher premiums. They have taken the view that there are plenty of people who are prepared to pay more for a better product.

For some years there has been a certain amount of friction between insurers and yachtsmen about the cover provided for theft of gear, in view of the stipulation that the insurance applies only in the event of forcible entry. In one or two cases insurers are giving cover for theft following the use of force, rather than insisting on forcible entry. Even so, that still excludes pilferage, and many yacht owners do not take sufficient care to safeguard their property in the light of current conditions.

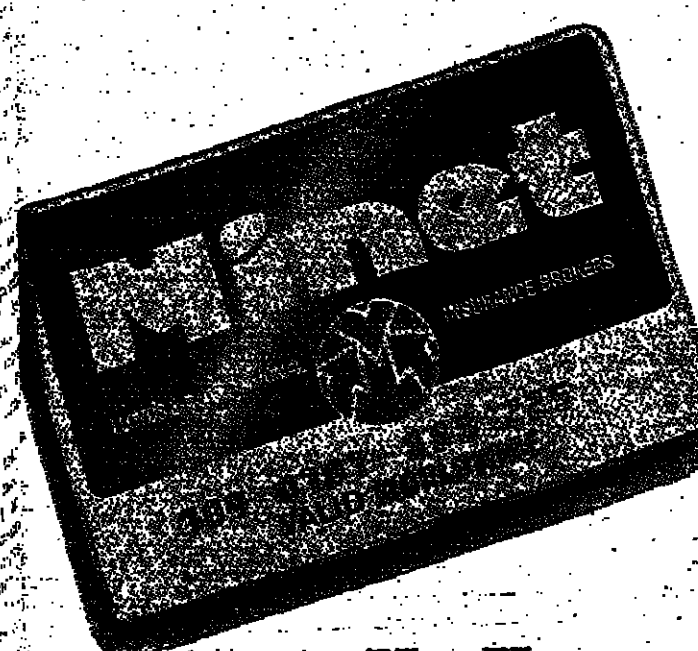
Outboard motors are particularly popular with thieves, and there is every indication that motors which have been stolen

are promptly "exported" in bulk. It is a stipulation of an insurance policy that, for the theft of an outboard motor to be covered, it must have been locked securely to the craft by an anti-theft device in addition to its normal method of attachment.

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MARINE AND AVIATION INSURANCE IV

Catastrophe —the cost

AFTER A major air disaster, there is a natural desire on the part of the public to know how much the incident will cost the insurance industry. This is something which usually cannot be stated with any accuracy at the time—or perhaps for some years afterwards.

While there will be no doubt about the insurance claim in respect of the hull of the aircraft if it is a total loss—a wide-bodied jet may cost \$45m. to \$50m.—there is virtually no means of estimating in advance how much will be payable in the form of liability claims. So far as the cost of insurance claims are concerned, the death of all the passengers in a wide-bodied jet, if it were filled almost to capacity, can be much more serious than the loss of the aircraft. Here, however, much depends on the passengers themselves—such as their nationality, dependants, earning capacity, etc. As is well known, particularly high damages are normally awarded to the dependants of U.S. citizens.

The first line of attack is naturally the airline. Major airlines have third party insurance protection up to \$300m. or more. This, however, is to cover both passenger liability and general third party liabilities. Although it is about the maximum level of cover obtainable in the market, and in any event an airline has to draw the line somewhere, it does not necessarily follow that cover of this amount would be sufficient to cover an airline's liability in every situation.

Extreme

To take an extreme example, one can think in terms of a mid-air collision between two fully loaded wide-bodied jets, over a densely populated city (in the U.S. as an extreme case), where the sole liability rested with the pilot of one of the aircraft. Clearly, in such a situation, \$300m. of protection might very well prove inadequate for the airline, bearing in mind loss of life and property damage on the ground. Even though property on the ground would be insured, the insurers would have subrogation rights against the airline responsible for the damage.

The second line of attack is usually the manufacturer of the

aircraft, if there is a chance that it can be established that a fault in the aircraft or its equipment either caused the accident or was a major contributor towards it. From the point of view of an airline and a manufacturer with a degree of liability, it can be sensible for the two defendants to join forces, and for claims to be settled jointly by them, divided according to a pre-agreed formula.

Specified

A major manufacturer may have products liability cover of up to \$400m. or so. Those responsible for providing equipment and components will normally be obliged by the main manufacturer to have products liability insurance up to certain specified limits. This is because where liability can be attributed to a component the main manufacturer will wish to make a recovery from the supplier of that component.

While airlines and manufacturers have been the chief targets for lawyers in the past, it looks as though lawyers may be spreading their sights in the future.

Increasing attention is being focused on air traffic controllers. Where it is established that a crash was caused through negligence on the part of one or more air traffic controllers, in theory a claim can be made by, say, the insurers of the hull of the aircraft to recover their loss, and also by the dependants of those killed in the crash. Here, however, political considerations arise. In some parts of the world, it may be virtually impossible to secure any compensation in circumstances such as these, although that should not be looked upon as being universal.

Air traffic control is normally operated by a State authority which may or may not have insurance protection. As an example, it is understood that air traffic control at Tenerife had insurance protection amounting to \$60m.

Those organisations which provide food to be consumed on board are also at risk. In theory, there are arrangements about who eats what food on the flight deck, and at what time. This is to ensure that in the event of food which causes

any form of poisoning the safety of the aircraft will not be endangered. Even so, accidents do not always occur as anticipated, and thus there must be some risk. Should there be an accident following food poisoning of the crew, claims could be made against the organisation which provided the food. Apart from that, there is the risk of the death of one or more passengers following food poisoning while in flight.

There are plenty of other organisations whose negligence could contribute to the loss of an aircraft, and also the death of the crew and passengers. An airline may arrange for certain types of cleaning and maintenance to be undertaken by some other organisation. Oil companies are responsible for refuelling. There are plenty of opportunities for negligence on the part of aircraft authorities.

Contractors working at an airport may make some mistake which could prove very much more expensive than the same type of mistake elsewhere. Or a fault might develop in a runway, and contribute to the loss of an aircraft. In that case, both the contractors and those responsible for the design and specification of the runway might face claims being made against them.

Endless

The list of those organisations which could contribute in some way towards the loss of an aircraft is almost endless. High limits of indemnity are required under their respective insurances, and it is customary for airport authorities to require minimum insurance protection to be in force for organisations which in any way could contribute to the loss of an aircraft, however indirectly.

Modern technology has made it possible to determine much more accurately than in the past the cause of any aviation accident. Often, therefore, it can be shown that the negligence of an individual or an organisation contributed, to a greater or lesser extent, to the accident. That is when it is important for sufficient liability insurance to be in force.

Products liability

THE POTENTIAL liability of aircraft manufacturers, together with the manufacturers of engines and to a lesser extent those who provide every type of component, has been increasing over the years. Now, after a crash there is a much greater likelihood of a claim being made against the manufacturer or the supplier of a component, simply because it is much easier to establish the cause of loss. No longer are so many crashes attributable to "pilot error." The stage is being reached where manufacturers are being expected to build aircraft so that if a pilot tries to move a control at the wrong moment, it should be so designed that an accident cannot be caused.

Naturally, manufacturers need substantial insurance cover for this type of liability. While in many cases in theory an airline can claim limitation of liability in respect of claims made against it by injured passengers and the dependants of those who have been killed, there is no limitation which can be claimed by a manufacturer. Added to that, there is the possibility of a manufacturer being faced with punitive damages. There are only a few States in the U.S. where it is illegal for punitive damages to be collected from insurance policies, and such awards are covered by the normal policy.

Although in some contracts of sale aircraft manufacturers require to be given a "hold harmless" agreement—so that the purchaser of the aircraft cannot claim from the manufacturer in the event of loss due, say, to faulty design or a faulty part—there are ways in which such agreements in

Reactions to Tenerife

SOMETIMES when premium rates have been in decline for a particular class of business and it has been moving to a loss-making position, some underwriters have felt that a major catastrophe would bring about a sudden hardening of the rates which might not otherwise be achieved.

Unfortunately, that theory has been put into practice. Over the past few years there has been a significant improvement in air safety, leading to reduced premiums. All the indications, however, are that premium rates have dropped too sharply. At one stage it was not a case of rates coming down after there had been good experience, but the rates were actually anticipating better experience. In the event, safety did improve—but of course that was more by good luck than good management so far as underwriters were concerned.

In any case, with very low premium rates, there was insufficient margin to allow for any catastrophe. And, no matter how encouraging general trends may be, insurers should never overlook the possibility of a catastrophe. It is virtually bound to occur, sooner or later.

All the indications are that such a massive and dramatic loss as the world's worst air disaster at Tenerife will have a greater effect on the aviation market than a fairly slight but continuous worsening of the safety curve.

Absorb

It is still too early to forecast with very much accuracy how much the loss of the two jumbo jets and nearly 600 lives will cost the insurance industry. The PanAm aircraft was insured for \$23m. and the KLM aircraft for \$40m. If one adds on the claims for loss of life, it is clear that the crash will absorb a significant proportion of the 1977 aviation world premium income—variously estimated but thought by many to be around \$700m.

While it could be argued that before Tenerife aviation insurance might have still been running on a marginally profitable basis for some insurers, this disaster is likely to have put many insurers in the red, depending on their reinsurance arrangements.

Clearly some hardening of premium rates must be expected—if only because before Tenerife they had, in some cases, reached unrealistically low levels. It is possible, however, that the burden of extra premium may not be spread equally over the insurance market's policy holders. Many airlines, for instance, had arranged long-term policies which will not fall

due for renewal or review for another two or three years. Unless these airlines' own individual experience suffers, underwriters will not be able to charge them higher rates for some time.

It is the airlines whose renewals fall due in the coming months which are likely to be most affected. Almost certainly, the trend towards lower premiums will either flatten out or be reversed, as underwriters think in terms of recouping their losses and to some extent making provision for whatever form the next catastrophe may take.

It may be difficult for underwriters to arrive at a correct premium rating level. Whereas with hindsight it is clear that the premium rates charged in 1971, which was such a good year for the insurance industry, were too high, it is now equally clear that the subsequent premium reductions over-compensated for that element of "over-charging."

To some extent excess-of-loss insurers will be calling the tune. Over the past few years, it is probably this section of the market which has had better experience than many of the direct writing aviation insurers. About the only significant loss for them in recent years has been the Turkish Airlines DC-10 crash. It is clear, however, that the excess-of-loss reinsurance market is bearing a significant part of the losses resulting from the Tenerife crash. Since there is a considerable "gearing" effect for those who write excess of loss reinsurance, as contracts fall due for renewal, it is likely that these insurers will be looking for increased premiums. Almost inevitably, the direct writing insurers will reflect these increases in the premium rates charged to airlines.

In the past many crashes have been beyond the control of anybody at the time. For instance, they have been due to unusual weather conditions, a fault in the aircraft, or the pilot's illness at a critical stage. In addition, it must be admitted that pilot error has been the cause of many crashes.

Now, however, increasingly, manufacturers are being expected to build aircraft so that, if a pilot tries to move a control at the wrong moment, it should be so designed that he is not able to cause an accident. Certainly, there have been major improvements in safety standards. Nevertheless, the collision over Yugoslavia, followed by the disaster on the ground at Tenerife, are examples of the fact that accidents will continue to occur, albeit much less frequently than in the past.

When insurers are providing high limits of indemnity, quite substantial premiums are required, even though on the face of it the risk may be relatively slight.

There are a number of schemes in existence whereby, effectively, smaller suppliers band together and obtain their cover on a block basis. The practical effect of this is that it provides insurers with a reasonable bulk premium, and thus technically makes the writing of this type of risk somewhat easier. Nevertheless, premiums are not cheap simply as a result of insurance being arranged on this basis.

Protected

By no means all suppliers of components are included in such schemes. Some make their own arrangements in the open market. In a very few cases, where it would be quite uneconomic for a specialist supplier of low-valued components to make insurance arrangements, the supplier may be able to agree with the main aircraft manufacturer for the latter to accept liability and for the supplier to be protected. Normally a claim would most likely be made against the main manufacturer, with, in turn, that manufacturer claiming from the supplier of the component in question.

It would seem likely that in a very few cases manufacturers may sell components and materials without being aware of the fact that they will be included in the manufacture of aircraft. In such cases the manufacturer's products liability insurance might well prove insufficient to meet the very high

claim. Whether in practice a high claim would ever materialise is another question. Fortunately, manufacturers usually know whether their products will be used in aircraft manufacture, and can make the necessary insurance arrangements in the aviation insurance market.

International competition for products liability insurance is not as intense as for the hulls of aircraft. At one stage virtually all this business was led in London. The London market still has a dominant position, with comparatively few underwriters elsewhere in the world. Nevertheless, on occasions brokers have been able to exploit other markets so as to obtain better terms, with London underwriters then subscribing to the risk.

Some years ago, substantial increases in premium were imposed, but, since then, rates have remained fairly stable. Normally a complicated rating with the manufacturer's insurance industry also has a part to play in try level of production. What has to be borne in mind, however, is that this form of protection applies to all the aircraft still flying which have been provided by an insured manufacturer. It is not as though the insurance applies only, say, to aircraft supplied over the past year or not only of both parties so. On the other hand it can be argued that with the passage


of time following the loss of an aircraft, there is reduction in the risk for underwriting point of view. At the moment, follow crash there is the tender those acting on behalf dependants of those killed think in terms of suing any organisation from there may be some claim making a recovery. The first line of attack. If, however, there is some possibility, fault in the aircraft or its equipment was responsible for accident, the manufacturer also, may be involved. A suit, products liability in are finding that they are involved following a large number of crashes—even if results in no more than a ment of legal costs.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

With the NALGO conference currently in progress, David Churchill reports on how local authorities are introducing new techniques to improve efficiency.

A united attack to reduce costs

THE DILEMMA facing Britain's local authority management is a clear-cut one: how to survive the most important, stringent cuts in local government spending without drastically pruning staff and slashing services.

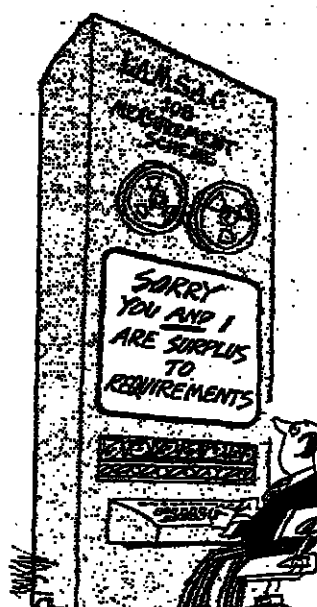
In most cases management has decided that cutting jobs and services is inevitable and has responded accordingly. But a recently developed analytical tool has now been made available to council executives which, if widely adopted, could make substantial improvements in local government efficiency and thus help offset the worst effects of the financial cut-backs.

The technique, developed by a number of local authorities themselves, is to provide management with an objective means of determining optimum staffing levels for various services and to provide the most cost effective alternatives. This job measurement technique might calculate, for example, that fewer council members would be needed if their methods of collection were altered. Or it might show that more staff would increase revenue by a quicker turnaround of council house lettings.

Already one large New Town authority is using the technique and several other authorities are actively considering the scheme. In essence, the technique is not a radical management innovation. It merely breaks down the functions of various council departments and provides base data with which to measure performance in each separate local authority. But where the system is radical is in being based on actual performance in over 120 local authorities.

Pooled
It is as though a similar number of private companies in one industry pooled their techniques of working to establish common criteria for performing the job. Not only is this highly unlikely to occur in private industry, but the tradition of local authorities to jealously guard their independence has also made such a joint scheme almost impossible to achieve until now.

But with the growing criticism of public sector bureaucracy in the past few years, local conditions to use as the local authority associations, basis for their work. Some of the authorities were headed to stem this criticism by developing new staff utilisation techniques for management every aspect of housing admin-



or rural, population density, type of housing stock, etc. Second was productivity of white collar staff involved. Third was methods used, such as weekly or fortnightly collection, on car or by foot. And fourth was policies adopted by elected councils. Some councils consider housing an extension of social services. Rent collectors, for example, would be expected as part of the job to notify social services of people in need of help.

Consequently, the consultants established a range of costs between authorities carrying out housing administration. The unit costs of door-to-door rent collection, based on an average salary of £3,300, varied between £13 and £49, while rent collection from an office cost only between 6p and 12p. Allocation of housing stock varied from £8 to £9 between authorities, while repair administration cost between £1.50 and £4.

Point out
LAMSAC's work is not intended to advocate what policies should be adopted by councils, but merely to point out the costs of each policy and their alternatives. "In the majority of cases," points out Mr. Barnes, "the elected members do not have the choice presented to them. Basically what we have sought to do is to get the best methods of practice and give the opportunity of comparison with relevant costs."

The consultants found that the main reasons for the wide disparity in unit costs—ranging from £5 to £33 in total unit costs for all authorities—were primarily the different policies and methods used, as well as variations in individual staff productivity. This latter finding went some way to mollify the initial suspicions of the main union involved, the National and

Local Government Officers Association, that the whole exercise was just an excuse for manpower cuts. But the early hostility was allayed by co-opting NALGO representatives onto a working party overseeing the project as well as making clear that the technique often justified the need for more staff to increase efficiency and reduce costs.

LAMSAC hopes to update the wealth of information it has already assembled—which it believes is the most comprehensive data on local authorities' housing operations ever assembled—by actual experience of using the technique "on the job."

Application of the technique by LAMSAC consultants would cost between £2,270 and £5,950 depending on the size of authority, and would take about two months to complete. During this time, the consultants would classify the local authority according to the overall model and—using the model's matrix—establish the optimum staffing levels for each job area. In addition, local authorities can ask for costing implications of any proposed changes in staff, policies, or methods.

The consultants also believe that many local authorities' current policy of reducing staffing through natural wastage and nil recruitment is harmful to the efficiency of local government. "This is not controlled," argues Mr. Barnes. "At present, not enough is known about real staffing requirements to enable redeployment within the establishment, and services are sure to suffer."

The effectiveness of the LAMSAC job measurement technique may, as with most management tools, depend on the willingness of local authority management to use it. But if nothing else, it shows that local authorities are at least trying to take the sting out of their critics.



The long arm of U.S. antitrust

BY A. H. HERMANN

EEC competition law, which has not always proved to be very popular among companies, has rescued the Rio Tinto-Zinc Corporation and its directors and executives from the need to testify in a major U.S. uranium cartel case if such testimony would incriminate them. Leading RTZ figures include Mr. Peter Daniel, Mr. Jean Loup Dherse, Lord Shackleton of Burley, Sir Ronald Mark Cumliffe Turner, Mr. Roy William Wright, Mr. Andrew Edward Buxton and Mr. Kenneth E. Bayliss.

The alleged uranium cartel, which provides the scene for the drama is said to span Australia, Canada, France, South Africa and the U.K. The allegation was made in a U.S. court by the Westinghouse Electrical Corporation and it placed RTZ and RTZ Services in a potentially precarious situation. But the British companies are bound to be helped out of this difficulty by a decision made by three appeal court judges on May 26.

Lord Denning, Master of the Rolls, Lord Justice Roskill and Lord Justice Shaw ruled that the British witnesses can claim privilege because membership in the uranium cartel, though not a criminal offence in the U.K., would be punishable by fines under the EEC Treaty. And such fines, said the judges, were "penalties" within section 14(1) of the U.K.'s Civil Evidence Act, 1968.

At the beginning of this affair, about which we are bound to hear much more in the future, are contracts made by Westinghouse in 1960 to build nuclear power stations for U.S. power companies and to supply them with uranium. After the oil crisis in 1973 Westinghouse stated that it was commercially impossible to perform what it promised because of the increase in the price of uranium for which there was no escalation clause in the contracts.

Proceedings
The power companies opened proceedings against Westinghouse in Virginia and Illinois, claiming damages amounting to \$2bn., a sum which even Westinghouse cannot ignore. Faced with this predicament, Westinghouse learned that documents apparently disclosing the existence of an international cartel in which governments and major countries were involved had been leaked in Australia. It was alleged that this cartel resulted in a boycott of Westinghouse because it had sold uranium to a Swedish customer below cartel prices, and this, if proved, would be a very ugly offence in the eyes of the U.S. courts.

Westinghouse sought to raise this in its defence and has asked the Richmond District Court in London, by means of "letters rogatory" for help in obtaining documents which passed between the uranium producers and in making their

officers and employees submit as witnesses to interrogation before a consular officer of the U.S. in London. The object of the exercise has been to find out whether, in the language of U.S. anti-trust law, "a conspiracy to keep prices up" existed or not.

"Fishing for documents," that is asking for them without knowing whether they exist or not, is clearly excluded by Section 21(4) of the Evidence (Proceedings in Other Jurisdictions) Act, 1975, but Master Jacob who first dealt with the request of the U.S. court, found that the great mass of the documents requested were particular documents, sufficiently specified. He complied with the U.S. request and his decision was upheld by Mr. Justice MacKenna. The two RTZ companies and the seven individuals appealed further and raised the question of self-incrimination. This is how the Court of Appeal came to consider first the Fifth Amendment to the Constitution of the U.S. and then the more pertinent Civil Evidence Act, 1968.

Danger
The Antitrust Improvements Act which came into force recently has further escalated the danger of the private suit by giving power to the Attorney-General of each State to file treble damage actions on behalf of the citizens of his State if he thinks that they have been injured by a violation of the antitrust laws.

This is no domestic problem of U.S. companies as the arm of the U.S. jurisdiction tries to stretch very far. And it is very wrong to believe that restrictive practices used in Europe cannot be caught by the U.S. law.

Anti-trust law can hit, for example, non-U.S. companies co-operating in the Arab boycott of American companies. Over the entire wide field of antitrust, U.S. courts hold to be within their jurisdiction acts committed by foreign companies outside the U.S. as long as the economic effects of these acts penetrate the U.S. market. Finalising an agreement at a single meeting in New York was enough to secure jurisdiction over foreigners in 1971. Any company with an agent in the U.S. is considered by the U.S. courts to be within their jurisdiction and this applies even more strongly to a foreign company exercising control over a U.S. subsidiary.

The subject can be dealt with fully only at length, but the reader should be at least warned not to consider himself safe merely because he does not fall into one of the two aforementioned categories. It is stepped up their activities, better to assume that untold dangers lurk in the store of the Sherman Act are no longer misdeemeanours but rather and keep the powder dry.

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Better management of credit

ALTHOUGH the high rates of inflation of the past few years have forced most companies to become more aware of their cash flow positions, credit management in the U.K. is still way behind the practices of the U.S. and many European countries. Three months credit is still widely granted by companies and the methods they employ to procure cash from trade debtors is often inadequate to ensure that a speedy settlement of debts is achieved. An analysis of U.K. credit practices is the carefully thought-out

subject of a book to be published tomorrow. Called *Modern Credit Management*, the book incorporates the findings of a two-year survey and it puts forward a number of recommendations for action by companies to improve their performance in this area. Among the suggestions for improving efficiency, it is proposed that companies make efforts to define more clearly the different stages and functions involved in the granting of credit, such as establishing a departmental responsibility for credit management, making clear where departmental responsibilities lie and ensuring that there is an awareness in each organisation of the cost of granting credit.

But the author makes it clear that to back up all of his recommendations there is a need for much more professional personnel and practices and a stronger professional body than the present Institute of Credit Management. *Modern Credit Management*, by Patrick Kirkman, George Allen & Unwin, £8.50.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

A management company
I understand there are tax advantages to be derived from the use of a management company. Is this the case and if so could you indicate whether they are appropriate to a partnership? Tax avoidance is not a matter of simple rules-of-thumb. Skilled advice is needed for each particular set of circumstances, and a thorough knowledge of the background (and of future intentions, etc.) is essential if advice is to be of value. Selfhelp based on generalised comments can often lead to burnt fingers. A management company or service company may be useful in some cases but forming such a company is no panacea for partnership tax problems. There could be a VAT disadvantage in some situations, for example, and one must not forget CGT. There is sometimes scope for exploiting the eccentric cessation and commencement rules for partnerships, but here again everything depends on individual circumstances and prospects. The partnership's accountants are doubtless best placed to advise you, from their background knowledge.

Non-distribution of profits
Could a company whose principal asset is know-how be run in such a way that the exploitation of the know-how would only benefit the subsidiaries, or one of the shareholders and leave no profits for distribution? I hold

non-distributed shares. Could these be diluted to insignificance by increasing the capital without offering many rights to subscribe? The company could be run so as not to distribute any profits so long as assets of the company (including undistributed profits) are not taken out of the control of the company otherwise than for proper consideration. It may be possible to prevent the dilution of the capital value of the minority holdings, but this could only be determined after careful consideration of the Company's Memorandum and Articles of Association. No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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Can closer working between banks and the International Monetary Fund help developing countries?

The banks and the bailiff: a new idea for the IMF

By DAVID BELL in Washington and STEWART FLEMING in New York

Passing the buck back

IT DOES not look as if yesterday's meeting of the Economic Committee of the TUC made much further progress towards agreement about recommendations on continued wage restraint of the sort for which the Government has been hoping. So far as the present Phase Two is concerned, it wants member unions to stick to the 12-month rule and not to postpone a Phase Two increase in the hope of getting something better later. The former is an existing recommendation, the latter a new exhortation which the TUC will not be able to formalise before the end of Phase Two and which various unions and staff associations have already decided to ignore.

So far as Phase Three is concerned, however, the TUC seems to be coming round increasingly strongly to the view that there can be no recommended ceiling on the absolute or percentage size of pay increases. Its line appears to be that lower-paid workers must get increases sufficient to compensate them for inflation (future rather than past) and that others must also be allowed to claim more for increased productivity. The only hard figure it can even reluctantly envisage is some kind of norm around which average settlements might centre, a new guiding light.

Price action
This norm would have to be large enough to compensate for inflation, and its size would therefore depend to a large extent on what action the Government was willing to take to control prices. One need not conclude from this repeated reference to price control that the TUC is necessarily expecting much action from the Government in this field. What it seems fair to deduce is that the TUC is handing straight back to the Government a buck which it itself finds too hot to handle. This may be disappointing but is not an entirely unexpected development. If, as always seemed possible, moreover, TUC leaders feel that they cannot make a Phase Three recommendation which is both as firm

THE CHAIRMAN of one of America's largest banks has called on the International Monetary Fund to begin talks with commercial banks intended to develop new ways of "co-financing" which would tie the banks and the Fund together in their lending to developing countries.

Mr. Gabriel Hauge of Manufacturers Hanover Trust noted that the Fund, as a sort of world financial policeman, is almost the only institution with the power to attach binding conditions to its loans—conditions that greatly enhance the creditworthiness of borrowers. His concern follows the growth of anxiety about the future financing of the debt of developing countries—especially those without oil—in the light of their mounting obligations to commercial banks. Coinciding with this proposal, the Bank for International Settlements has taken an initiative designed to get a better idea of what these obligations really are. The U.S. Federal Reserve Board this month became the first central bank to release a breakdown, country by country, of obligations and of the maturity structure of the debt. The Fed collects this information as part of a general exercise in which the Bank for International Settlements is aggregating data on the maturities of the less developed countries to all banks from major countries.

While the banks are pondering their future relationships with the developing nations and with the IMF, the Fund is also concerned about its ability to provide new finance. It is working to increase its own liquidity with quota increases and a new oil facility which would tie Saudi Arabia and other rich oil producers more firmly into the international financial system. At the moment, however, it is the banks that are attracting the most interest since they have most conspicuously moved to assist developing countries adjust to sharply changing circumstances.

Burden of debt

Over the past three years commercial banks have taken the lead in bailing nations, particularly the non-oil developing countries, out of the serious payments and other problems provoked by the OPEC oil increase. In a number of cases the process has resulted in some calls. Further, comparatively little of the debt is of the "loans for general purposes" variety which cause so much concern in the cases of some countries. Much of the money lent is tied to the activities of multinational cus-



IMF managing director, Dr. Johannes Wittevoet.

tomers of the banks or is advanced to overseas companies—copper producers and the like—with whom the lending bank is usually quite familiar. What is clearly lacking is information which the banks feel they can trust about the future. It is precisely this kind of information with which the fund deals. Without it the banks cannot always be confident about the policies of their customer countries. (Even with it, of course, there is no certainty that the forecasts are right.) Most important of all, without the light conditions provided by the IMF, when it aids countries, there is also no certainty that they will ever act as they say they will.

Last year a consensus began to emerge that in critical cases banks would only lend to countries if the IMF had been called in. In the case of Peru, one of a number of problem countries last year, this understanding did not hold, much to the misgivings of many of the banks involved. In the event the case of Peru seems to have strengthened the resolve of the banks to ensure that in future the Fund, with its authority, is there. But it is here that the Fund begins to diverge. While the Fund may have no objection to sharing more information about debt structure, its own

be too closely tied to commercial banks and, in any case, has traditionally lent for rather short periods. There is another complication. The IMF is a very much more diverse institution than it once was and, particularly since the increased oil price gave oil producers much more financial power with widely differing interests to satisfy. In this context the fund surely be more jealous ever about its own independence. Fund staff are not about their assessments of future course of the Fund, they are only too well aware of the pressures that are brought to bear upon it, like the one to Britain, being negotiated.

Close links with commercial banks might only complicate situations of this kind by less independent and have yet another constraint to satisfy. Formal co-financing therefore seems unlikely of regular basis. But there is doubt that the Fund and banks will co-operate in providing each with amounts of confidential information so that financial problems of countries—developing and developed—are better delineated than have been in the past. And it is always possible, as being tentatively brushing banking circles, would be the banks to provide the with direct finance through a debt issue, might give the Fund liquidity and offer the high quality assets into the gain.

But Saudi Arabia also sees itself as a developing country with close ties to other developing countries. As such it is wary of the kind of tight conditions that the Fund want to attach to its loans. These, of course, are precisely the kind of conditions that commercial banks want to see applied more often. The Saudis are thus seeking a relaxation of IMF conditions for developing countries—perhaps longer lives for loans—and it remains to be seen how this will be resolved.

Any significant softening of the terms on which the Fund lends would certainly alter its role, and might even invite comparison with a preferential loan agency like the International Development Agency—a role which the Fund shows no signs of wishing to play very often.

Yet there is no doubt that the role of the Fund is changing. For instance its new powers to survey the exchange rate policies of member countries have extended, at least on paper, its policing authority. They also mean that it is likely to become much more intimately involved in the economic policy of some of its members than in the past. But the fund remains short of liquidity. An increase of quotas is currently being approved by member govern-

Starting again with Mr. Begin

THE EMERGENCE of an Israeli Government capable of negotiating a Middle East peace settlement did not look particularly likely even before the general election last month. It looked even less likely when the right wing Likud bloc emerged as the largest political grouping, and it looks less likely still now that its leader, Mr. Menachem Begin, has failed to form anything that could be remotely called a broad coalition.

Degree
Mr. Begin will control 63 of the 120 seats in the Knesset. That would be a small enough majority, even if he were disposed to make a dash for power. It is also small in terms of domestic policy. It does not seem probable, for example, that his government will be strong enough to deal with the country's pressing economic problems. All the signs are indeed that it will simply stagger on until Israel returns to a pre-electoral atmosphere. The Israelis, in short, are back in what has in recent years become their familiar position of quarrelling among themselves and being unable to produce a leader.

From the external point of view, however, there is no point in pretending that a Middle East settlement would have been just around the corner, if only the election results had gone the other way. Mr. Begin may be more noticeably hawkish than his immediate predecessors—Mr. Peres and Mr. Rabin—but the differences are of degree, not kind. Mr. Begin says that there must be no territorial concessions on the West Bank or the Gaza Strip and no negotiations with the Palestine Liberation Organisation. But the policies of Mr. Peres and Mr. Rabin in office were not much different. It was they who tolerated even the most controversial of the West Bank settlements. Nor is there any sign

MEN AND MATTERS

London's Roman Forum

Post Office engineers driving a 1,000 feet long telephone cable tunnel 15 feet below Gracechurch Street in the City of London have small brought to light what archaeologists have long suspected to be there—no less than the site of the Roman Forum, complete with a Basilica the length of St. Paul's.

As luck would have it, the PO's tunnel, three feet wide and four feet high, neatly bisects the Forum's entire 500 feet length and has permitted archaeologists from the Museum of London, led by Brian Hobley and Peter Marsden, to discover not only a 25 feet ornamental pool, lined in bright pink from the centre of the Forum, but also the brick and Kentish rag-stone walls and foundations of the shops, stalls and porches which once bordered three sides of it. The Basilica, with its 18-inch thick concrete floor base, completed the quadrangle and acted, much like the present day Corporation of London, as the City's administrative and judicial centre.

First proof of the exact location of the Basilica came back in 1882 when one corner of it was uncovered during excavations prior to the construction of the Leadenhall Market. But the latest discovery highlights its position as an integral part of the forum complex, the heart of all Roman cities. Uncovering the City's complex archaeological past is a jigsaw operation, with bits and pieces revealed as rebuilding proceeds. Organisation and technique have much improved since the penny-pinching post-war period when so much of the ravaged City was quickly rebuilt before this

Nuclear talk-in

It may be, as the Energy Minister has said, the great debate of all time, but the people of Whitehaven seem to regard the inquiry in their town on whether there should be expansion of nuclear fuel reprocessing at Windscale as strictly a non-spectator event. So the inquiry overflow hall was empty for the first day yesterday, with the locals leaving the arguing to the articulate participants in the main civic hall.

Bat on

The relatively puny rewards of county cricket were underlined again yesterday when a scheme was unveiled to hand out prizes to a select few players for exceptional performances. A company which specialises in incentive bonuses will, each month, award £1,500 to the county cricketer of the month, and £225 for the most valuable single innings, the most effective bowling performance and the most valuable bit of fielding or wicketkeeping. There will also be four end-of-season awards, the idea being to bring some goodies to people rather out of the limelight which shines on the likes of Australian circus-bound Tony Grieg.

Even with only a dozen and a half county cricketers picking up the awards, it will bring some financial cheer into a game which often pays ordinary players no more than £2,500 a year.

Picking the winners sounds a dangerously subjective business, but the company concerned, Bonusbond, is relying on Judges John Arlott, Jim Laker and former Test umpire Charles Elliott. Most incentives, the company agreed, are for meeting specific targets, but it has managed to provide prizes for the best-looking service station in a chain, so judging individual cricketers' performances shouldn't be too daunting.

Observer

EXTERNAL PUBLIC DEBT OF 34 DEVELOPING COUNTRIES

Year	Amount (\$ bn)
1970	100
1971	110
1972	120
1973	130
1974	140
1975	150

REAL DEVELOPMENT OF THE DEBT

Year	Index
1970	100
1971	105
1972	110
1973	115
1974	120
1975	125

OUTSTANDING DEBT OF OIL EXPORTING DEVELOPING COUNTRIES

Year	Amount (\$ bn)
1970	11.2
1971	15.0
1972	18.7
1973	22.8
1974	27.1
1975	31.1

U.S. BANK CLAIMS ON SELECTED FOREIGN COUNTRIES DEC. 1976

Area	Total claims of reporting banks		Maturity distribution of the claim			
	Amount (\$m)	% externally guaranteed	Total no. of claims	1 year or less	Over 1 year to 2 years	Over 2 years
Non Group of 10						
developed countries	14,358	8.2	8,171	3,698	1,412	3,069
Latin America	29,600	7.3	27,013	12,525	3,570	10,418
Asia	10,264	6.1	9,918	6,353	814	1,749
Africa	7,221	19.3	1,450	741	184	525
Eastern Europe	4,020	5.7	2,974	816	485	1,473
Total U.S. bank claims on countries outside the Group of 10 is \$77bn. of which \$42bn. was on the non-oil exporting developing countries.						

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COMPANY NEWS + COMMENT

Chloride 37% up after good second half

A GOOD second half enabled Chloride Group to increase its pre-tax profits by 37 per cent to £28.4m. In the year to March 31, 1977. Although well over half the profit was earned outside the U.K., exchange rate gains included in the profit amounted to only 4 per cent. Margins and return on assets improved despite only a small increase in volume. At mid-year the profit advance was from £22.9m to £28.4m.

HIGHLIGHTS

The Lex column concentrates on the BP Offer for Sale. Elsewhere, figures from Chloride show that it has maintained the first-half growth-rate through to the second six months, while Dobson Park's interim profits register an unexciting increase of just under a tenth. GEI is on an accelerating trend, thanks to earlier well-timed capital investment, and Sketchley's 14 per cent rise in pre-tax profits to £21m. is as forecast last February at the time of the abortive bid for Johnson Group Cleaners. Meantime Henlys' profits show a full recovery at the half-way stage and the year is heading for a new record. Full-year profits from Johnson Matthey are ahead by 40 per cent, helped by an impressive performance from the mechanical production division, while Valor's profit-rise to just over £1m. shows the first stages of recovery. On the new issues front LWT is coming to the market and Alpina Soft Drinks is making a small rights issue.

In the U.K., at least, is coloured by the unresolved 4-week strike which has so far cost the company £1m-£2m. The other major factor behind the £20m. rise in the price of lead which in 1976/77 rose from £211 per tonne to £368 per tonne and was a major factor behind the £20m. increase in Chloride's working capital last year. This factor plus the sharp jump in capital spending to £19.5m. last year meant that, despite November's £16.7m. rights issue, borrowings rose by £11.0m. during the year, although the net savings declined from 37 per cent to 47 per cent. At 100p the shares yield 5.7 per cent and the dividend is covered 2.7 times.

Record Ridgway £1m. so far

PROFIT, before tax, of hand tool manufacturers, Record Ridgway, increased from £0.5m. to £1.0m. for the six months to April 3, 1977. Stated earnings are 5.55p per 25p share, compared with 4.33p. In spite of a reduced contribution from some of the overseas companies, Mr. A. Hampton, chairman, is confident that the group will again achieve profits in excess of those of the first half. For the year ended September 30, 1976, there was a record £0.5m. profit. The net interim dividend is lifted from 1.21p to 1.5p and it is intended to pay the maximum allowed for the year—last year's total was 3.0375p.

On a current cost basis, pre-tax profit for the first half increased from £0.27m. to £0.48m. Historically, pre-tax profit comprised a U.K. contribution of £0.94m. (£0.61m.), an overseas benefit of £0.12m. (£0.19m.) and an exchange loss of £20,000 (£9,000 gain). Turnover in the U.K. increased by 28 per cent, in Africa by 27 per cent, and in the Far East by 35 per cent. Bank borrowings dropped by £0.4m. (£0.41m.). Mr. Hampton reports that overall demand is adequate to maintain the company's planned U.K. rate of expansion. The development programme is well under way and this is phased to exploit the expected upturn in the U.K. economy in 1978. Net bank borrowings have been reduced to almost nil despite an increase in stock levels of nearly

£1m. In the last six months and nearly £2m. compared with last year. This is partly due to the continuing level of U.K. inflation, partly to a deliberate build-up of stocks arising from the expansion programme, and partly to an exceptionally high level of packed exports awaiting documentation of shipping space.

Although the U.K. market generally remains slack with no sign of a significant upturn, overseas there have been mixed results. South Africa continues in a serious recession, and Canada has remained depressed. Other export markets, particularly the Far and Middle East, have been very buoyant.

At the year end net assets stood at £141.01m. (£119.09m.) including base stocks £21.5m. (£19.06m.). Base stocks of precious metals are valued at base prices plus attributable tax. If market prices had been used the amount on the balance sheet would have been higher by £25.94m. (£16.25m.).

During the year the company realised a net surplus of £0.74m. (nil) on sale of investment properties which has been transferred to capital reserve and not included in group revenue.

£6m. rise by Johnson Matthey

AFTER RISES from £5.79m. to £11.4m. at half way, and from £11.4m. to £14.9m. at the nine-month stage, pre-tax profits of gold, silver and platinum refiners, Johnson Matthey and Co., finished the year to March 31, 1977, ahead from £12.04m. to £21.02m. Sales excluding Johnson Matthey Bankers expanded from £206.22m. to £270.23m. Earnings are given as 61.2p (42.7p) per £1 share and the dividend is raised from 11.0544p to 12.1925p net with a final of 7.1925p.

At the year end net assets stood at £141.01m. (£119.09m.) including base stocks £21.5m. (£19.06m.). Base stocks of precious metals are valued at base prices plus attributable tax. If market prices had been used the amount on the balance sheet would have been higher by £25.94m. (£16.25m.).

Great Portland at £2.67m.

AFTER exceptional debits, up from £0.29m. to £1.09m, taxable revenue of Great Portland Estates was maintained at £2.67m. against £2.65m. for the year to March 31, 1977. Gross rental income was £0.97m. higher at £7.19m. but group revenue from completed properties slipped from £1.7m. down to £1.54m.

ISSUE NEWS AND COMMENT

LWT (Holdings) comes to market

LWT (Holdings), the parent company of London Weekend Television, is publishing its prospectus in connection with the introduction of £4m. of "A" non-voting 25p shares.

LWT has been committed to come to the market at some stage ever since its inception in 1967. The voting shares will not be given a quote as ownership of these is controlled by the IBA. There are 60,000 voting shares in issue which apart from the directors are controlled by seven institutions. The Daily Telegraph holds 11 per cent, ITC Pension Trust 12 per cent, London Co-op 7 per cent, News International 12 per cent, The Observer 11 per cent, Pearl Assurance 12 per cent, and Samuel Montagu 6 per cent.

All seven institutions are holders in the non-voting capital through News International, with nearly 40 per cent of the equity. The holder with more than 10 per cent of the non-voting shares, this results from the time when the company ran into financial problems some years ago and News International stepped in to help.

The directors are forecasting that in the year July 24, 1977 pre-tax profits will be in the order of £3.5m. and the gross dividend of 8.75p per share indicates an opening price a shade over 90p since on this basis the yield of around 10 per cent, slots comfortably in the middle of the returns available from television contractors. The one question mark, where the prospectus gives little guidance, is the candidate for the interim acquisition.

January's balance sheet shows cash and investments of £11m. and, even allowing for corporation tax payments between now and the year end, the July figure could still be up by around £3m. Around £5m. of that is earmarked for diversification outside the television franchise. What it will be is anybody's guess, and the only thing clear is that it would prefer one large group rather than a series of small takeovers. The shares already have a sizeable following and give investors a chance to get into the London TV area.

Prospectus, Pages 26 and 27

Alpine Soft Drinks

Alpine Soft Drinks is proposing to raise £374,000 by a one-for-ten rights issue at 80p per share. The dividend for the current year is given as 4.5p and the new issue will be almost-doubled to 8.5p net.

Alpine also reveals full year figures showing sales increased by 26 per cent to £3.52m. and profits 45 per cent higher at £1.32m. Earnings per share are 13.55p (9.75p) and the dividend is lifted by 45 per cent to 8.5p net for 1976/77. However, Alpine wants to expand into the South East and this will mean capital expenditure doubling to £2m. this year. The company has not raised any new money from shareholders since it went public in 1973, and this offer is hardly demanding on a one-for-ten basis and it gives the opportunity to virtually double the dividend for a prospective 8.5p net yield of 10.1 per cent, at 80p.

Expansion and development expenditure continued during the year in Scotland with the commencement of activities in the Dumfries and Edinburgh areas. The first factory in the South East was opened in Walthamstow in the latter part of the year.

In the five years to last March the group has spent over £3.2m. on fixed assets in expanding the Dumfries and Edinburgh areas. The present expansion plans, mainly in the South East, envisage further expenditure in excess of £2m. Plans are well ahead for the opening of a further two factories in the South East. Another factory has recently been opened in Nottingham.

The total number of delivery rounds at the end of March was 32,000. It is anticipated that this will be about 380 before the current year ends.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, etc. Includes Airflow Streamlines, Berkeley Hambro, Chloride Group, etc.

Dobson Park expands

EXCEEDING BUDGETED expectations, pre-tax profit of Dobson Park Limited, Nottingham-based training and specialised engineering firm, rose from £4.5m. to £4.91m. for the half-year to April 2, 1977. Sales were up £3.44m. to £44.64m.

In view of the encouraging overall general pattern of trading, the directors have decided to recommend a profit for the second six months will be at least the same as that for the first half, says Mr. Jim Ward, the chairman. This would lift the total above last year's record £9.05m.

The net interim dividend is increased by 15 per cent, from 0.725p to 0.833p per 10p share, and the chairman notes that unless legislation is changed the final will have to be adjusted so that the annual total is no more than the net profit maximum. For 1975-76 the total was 1.905p.

Analysis of sales and profit by division shows in 5000s: mining machinery £25,247 and £2,121 (£22,112 and £1,965); engineering £13,075 and £768 (£11,281 and £702); Kango £5,226 and £296 (£3,583 and £488); industrial products £7,088 and £131 (£5,990 and £487); property £551 and £247 (£447 and £237). The engineering division results include those of Markon Engineering which was transferred to it from Kango division at the beginning of the current year. Comparative figures for these divisions have been adjusted accordingly. Kango sales include £0.57m. (£0.5m.) for the Australian subsidiaries.

Mr. Ward says that though the very high volume of home mining machinery demand had not been maintained and the associated companies in Germany were going through a difficult period, the worldwide prospects for increased coal production offer export opportunities for mining machinery while overseas demand for other products was very encouraging.

The improved half-year result is mainly due to Kango division profit up from £0.49m. to £0.9m. Forward exports and maintained mining machinery sales, Mr. Ward says, are a major factor in the profit increase.

ASTBURY & MADELEY (HOLDINGS) LIMITED

PROFITS AND DIVIDENDS UP AGAIN

Table with columns: Year, Turnover, Profit before Taxation, Dividend, Earnings per share. Shows data for 1975, 1976, 1977.

The current year has commenced in an encouraging fashion and turnover levels at 30th April, 1977 were satisfactorily higher than those achieved in 1976. This and the reduction in the high interest rates gives us some optimism for 1977, although the group continues to suffer low gross profit margins and increasing overheads.

Further steady improvement in the holding company's trading position is expected during the current year

Highlights from the Statement by the Chairman. Mr. David H. Whiteley

There has been some recovery from the loss situation we reported last year resulting in a profit for the year ended 31st March 1977 of £280,000 before tax.

Following this improvement your Directors have decided to recommend a dividend of 0.5p per Ordinary Share to be payable on 25th July 1977.

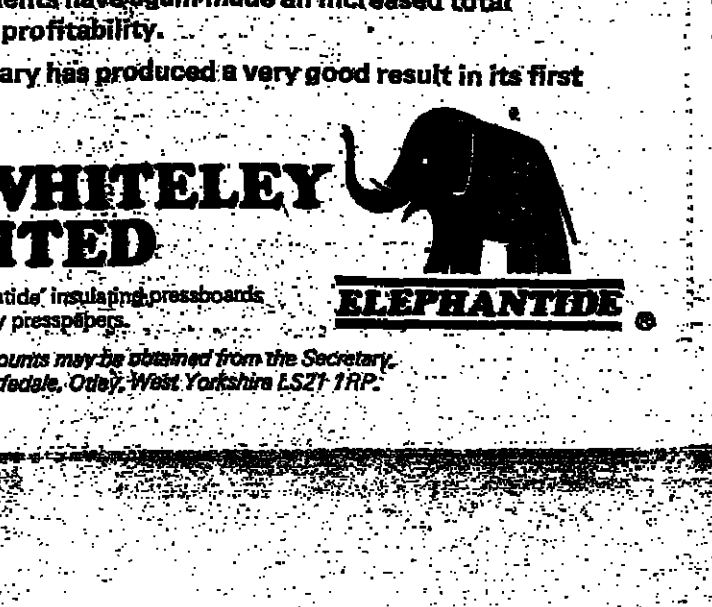
We have continued our efforts to reduce our costs of production and to develop the sales of diversified products and have achieved further success in both spheres.

Our overseas investments have again made an increased total contribution to group profitability.

Our Canadian subsidiary has produced a very good result in its first full year of trading.

B.S. & W. WHITELEY LIMITED

Manufacturers of 'Elephantide' insulating pressboards and multiple pressboards. A copy of the full Report and Accounts may be obtained from the Secretary, Pool Paper Mills, Pool-in-Wharfedale, Otley, West Yorkshire LS21 1RP.



BP logo and advertisement for The British Petroleum Company Limited Offer for Sale of 66,785,591 Ordinary Stock units at £8.45 per unit. Includes details on application and payment.

Advertisement for Occupational Pension Funds, offering preferential application forms through the Bank of England, New Issues, Watling Street, London EC4M 9AA.

Advertisement for Empire Stores prospects, featuring the future of Empire Stores (Bradford) and the mail order group.

Valor ahead 28% to £1.07m. and confident

ON SALES ahead from £26.6m. to £30.6m. heating and cooking appliance manufacturers Valor Company expanded pre-tax profit by 28 per cent. to a record £1.07m. for the year to March 31, 1977. The directors had expressed optimism at half-time when profit was £0.82m. against £0.5m.

Mr. Michael Montague, the chairman, says the improvement was in line with expectations. Based on the fact that the company has already secured very much higher orders, particularly for exports, he says the rate of growth in the current year is expected to be more substantial.

He also forecasts an interim dividend of more than 9.50p per 25p share paid for 1977-78.

Stated earnings are shown at 3.81p (3.72p restated) basic or 6.97p (6.74p restated) fully diluted and the total net dividend is lifted to 1.85p (1.77p) with a final of 1.24p.

All parts of the group, both in the U.K. and overseas, are doing well with the exception of the gas cooker factory at Liverpool. Losses here topped £0.5m. and while it is slowly improving it is still far away from its profitability potential. The directors are hopeful that it will break even or at worst make only a slight loss for 1977-78.

Exports, which represented around 10 per cent. of turnover, were up 21 per cent. and at least 25 per cent. more is expected for the current year.

In addition a new range of products has been well received, he says.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Stock meetings are generally held for the purpose of considering dividends. Official indications are not available whether dividends announced are interim or final and the sub-divisions shown below are based mainly on last year's announcements.

TODAY

Insurance—Barnard, Evans, Connolly, United States and General Trust.
Finance—Banco Investment, Cambridge, Shanks, Carsons Industries, Climb and Son, C. H. Gohel Finance, Haverstock, Millers, Lindesay, Burns, Goshop, Trident Group Finance, Victoria Carpet, Warren Placements.

FUTURE DATES

Greenfield Mills—June 21
Sushona Holdings—July 22
The Investment Trust—July 24
Fisons—
Amber International—June 18
Brewer's Overseas—June 18
British and Commonwealth—June 18
Brown and Tavares—June 18
Caledonia Investment—June 18
Dawson International—June 20
St. Leo Finance and Engineering—June 20
Klein—June 20
Mansfield Airways—June 20
Michael Foxton—June 14
Northern Securities Trust—June 20
Selection Trust—June 21
Spartan Insurance—June 21
Tunnel Holdings—June 22
Westfield Properties—June 22

A. Cohen reaches £2.14m.

METAL REFINERS and manufacturers of non-ferrous alloys, A. Cohen and Company reports turnover up from £20.76m. to £40.67m. for 1976 and an advance in pre-tax profits from £1.8m. to £2.14m.

At mid-way, reporting a rise in profits from £0.85m. to £1.08m., the directors forecast second half profits not greatly different from those of the first.

Tax for the year takes £882,553 (£811,238) and minorities £420,215 (£287,393).

Earnings are shown to be ahead from 33.5p to 45.2p per 20p share and the dividend is lifted from 4.66p to 4.91p net with a final payment of 3.18p.

Sketchley on target with £2.25m.

IN LINE with the February forecast of pre-tax profits of not less than £2.25m. Sketchley reports a 14.9 per cent. advance from £1.98m. to £2.25m. for the year to April 1, 1977. The improvement was achieved on sales 13 per cent. higher at £23.14m.

At mid-way profit increase from £0.94m. to £1.07m. was reported and the directors said they expected improved results for the full year. This forecast was made more specific at the time of the offer for Johnson Group Cleaners in February.

Full year earnings are given at 7.8p (7.7p) and the final dividend payment is 2.84887p net for a 4.19837p (3.81716p) total. Should the rate of ACT be reduced it is the Board's intention to declare an additional dividend.

Reorganisation of the textile division was almost completed by the end of the year and despite the closure of the Bradford works sales volume of this division was very little lower than in the previous 12 months. Group sales for the current year are on target and are running ahead of the corresponding period last year, the directors state.

The company operates as dry cleaners, fabric and knitwear dyers and finishers and hirers of industrial workwear.

Shareholders of Valor have had a rough ride over the last five years. In 1975 the shares were over 100p, only to fall to 14p in 1976. The company was caught in a Christmas slump in demand for heating appliances which followed the oil price hike in 1973. This trading climate has been largely hidden by the fact that most manufacturers are subsidiaries of major companies but the fact that Dimplex was put into the hands of the receiver a couple of weeks ago provides dramatic testimony. Valor has survived partly because its appliances use low cost fuels. It is now in the first stages of recovery, helped by the anticipated drive and new products. The next few years could see a substantial

comment

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Airflow Streamlines tops £0.6m.

CONTINUED improvement in the second half gave Airflow Streamlines pre-tax profits up from £232,063 to a record £536,390 for the year to February 28, 1977. After a first half rise from £28,000 to £216,000, turnover for the year expanded from £4,92m. to £7.69m.

After tax of £340,239 against £154,143 stated earnings rose from 4.55p to 11.5p per 25p share and the dividend is raised from 4p to 4.4p net with a final of 3.8p.

The directors say they anticipate a satisfactory result for the current year.

comment

Sketchley's annual profits—14 per cent. higher—are being in line with the February forecast and the results had little impact on the shares at 59p. The full year outcome reflects growth in both divisions. The textile division, the fact that dry-cleaning side suffered very unfavourable weather conditions in the first six months. The full year outcome from Quality Cleaners must have helped to offset this. The textiles side did incur losses last year, to the tune of around £20,000, but that was after the cost of a reorganisation which has apparently put the group back in the black this year. And with an extra £105,000 likely to come in this time from the new Ford industrial wear contract the group seems assured of further steady growth. This contract will push up working capital requirements in the current year and these were already at least 10% higher in 1976-77. But the group's balance sheet is strong enough to keep it on the outlook for other acquisitions. The yield at 9.5 per cent. (covered 1.5 times) is well above the industrial average and appears to give ample support for the shares at their current level.

Encouraging trend for Fine Art

IN HIS annual statement, Mr. F. R. Kenny, the chairman of Fine Art Developments, says the directors have budgeted for sustained progress and sales trends in the current year are encouraging.

He tells members that in the present economic climate optimism is not to be indulged in, but with vigilance over the cost and effective merchandising the group has the vital ingredients for continuing growth and success.

As reported on May 25, sales expanded from £26.7m. to £28.8m. in the year to March 31, 1977, and pre-tax profits advanced from £2.76m. to £3.68m. Stated earnings rose from 3.25p to 4.70p per 5p share and the dividend is lifted from 1.1065p to 1.5025p net.

A one-for-four rights issue to raise some £1.95m. net is also proposed and the Treasury has consented to dividends totalling 1.507p net for 1977-78 in context of the issue.

Mr. Kenny says the satisfactory figures are the result of the continued growth and increasing efficiency of all sectors of the group and it is pleasing that the net margin has improved slightly

over the period, arresting the trend of recent years. At the year end short-term funds showed an increase of £1.08m. (£0.96m.). The group has purchased properties in France, Germany and Australia and the directors are considering building a new factory in Scotland at a cost of some £3.5m. The European purchases are being financed through borrowings in Europe.

General merchandising now comprises a major proportion of sales and while the greeting card business has increased a satisfactory rate, the mail order companies have contributed a substantial part of the increase in U.K. turnover.

During the year the group spent over £0.4m. on new plant and machinery for the Accrington greeting card factory to meet ever increasing demand for cards and "big products". Greeting cards represent 90 per cent. of products actually manufactured.

Sales performance of overseas subsidiaries continues to give confidence for the future. Europe turnover increased by over 70 per cent. to a record of £1.8m., with pre-tax profits of nearly £100,000. During the year a further

Reliable Properties recovers

Due to increases in sales and rental income coupled with reduced finance charges Reliable Properties achieved a taxable profit of £106,881 against a loss of £78,870 for the half year to December 31, 1976.

Again no interim dividend is to be paid. The directors say that a resumption of dividends will be considered when the full year's results are known and after consideration of the reserves position at June 30, 1977. Dividends were last paid in 1973-74 when they totalled 1.507p net per 25p share.

Appeal against Pleasurama judgment

Notices of appeal have been lodged by Chippa and Messrs. Wolf Barnett, Alfred Barnett and Ian Paul Barnett against the judgment given in favour of Pleasurama, the leisure group, in the High Court on May 18 under which Chippa was ordered to purchase Pleasurama's 25 per cent. shareholding in Mayfair Casinos for £1.2m. together with interest.

The High Court verdict was of great significance to Pleasurama which includes the Mayfair Casino holding at £1.2m. in its balance sheet. Last published net worth of Pleasurama at end September 1976 was £2.6m.

Last night Mr. Edward Thomas, managing director of Pleasurama, said he thought it would be some months before an appeal hearing could be held.

MONEY MARKET

Interest rates decline

Bank of England Minimum Lending Rate 8 per cent. (since May 12, 1977)

Fixed period interest rates tended to decline in the London money market yesterday, mainly influenced by the cut of 1 per cent. in Morgan Guaranty's prime lending rate in New York overnight, and the easing of U.S. Treasury bill rates. Most activity was confined to the shorter periods in London, with the one-month sterling certificate yield falling to 7 1/4 per cent. from 7 3/4 per cent., and the three-

month to 7 1/4 per cent. from 7 3/4 per cent. Longer periods were also involved in the general downward trend, however, and the one-year yield eased to 11 1/2 per cent. from 11 3/4 per cent. Day-to-day credits were in good supply in general and the authorities did not intervene in the market. There was a slight increase in the rate of circulation and one or two houses had to repay the small amount borrowed overnight from the Bank of England. On the other hand banks carried forward small surplus balances, Government disbursements exceeded revenue payments to the Exchequer, and the market was also helped by net maturities of Treasury bills.

Discount houses paid 7 1/4 per cent. for secured call loans at start, and late balances were found within a range of 3 per cent. to 6 per cent.

In the interbank market overnight loans opened at 6 1/2 per cent., and declined to 4 1/2 per cent. at the close.

Rates in the table below are nominal in some cases.

June 14 1977	Sterling Certificates of deposits	Interbank	Local Authority deposits	Local Authority bonds	Finance House Deposits	Company deposits	Discount houses deposits	Treasury bills	8 1/2% Bank Bills	Prime Trade Bills
Overnight	—	4-7	6 1/2-6 3/4	—	—	7 1/2	8-7 1/4	—	—	—
1 day notice	—	—	—	—	—	—	—	—	—	—
7 days notice	—	—	—	—	—	—	—	—	—	—
One month	7 1/4-7 1/2	6 1/2-7 1/2	7 1/2-7 3/4	—	7 1/4-7 1/2	7 1/2	7 1/2-7 1/4	7 1/2	7 1/2	8 1/2
Two months	7 1/2-7 3/4	7 1/2-7 3/4	7 1/2-7 3/4	—	7 1/2-7 3/4	7 1/2	7 1/2-7 1/4	7 1/2	7 1/2	8 1/2
Three months	7 3/4-7 1/2	7 1/2-7 3/4	7 1/2-7 3/4	—	7 1/2-7 3/4	7 1/2	7 1/2-7 1/4	7 1/2	7 1/2	8 1/2
Six months	8 1/4-8 1/2	8 1/4-8 1/2	8 1/4-8 1/2	—	8 1/4-8 1/2	8 1/4	8 1/4-8 1/2	8 1/4	8 1/4	9 1/2
One year	9 1/4-9 1/2	9 1/4-9 1/2	9 1/4-9 1/2	—	9 1/4-9 1/2	9 1/4	9 1/4-9 1/2	9 1/4	9 1/4	10 1/2
Two years	—	—	11 1/4-11 1/2	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, where seven days' fixed, 10 1/4 per cent.; 12 per cent. for 12 per cent. 6 Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 8 1/2 per cent. Approximate selling rate for one-month Treasury bills 7 1/4 per cent.; two-month 7 1/2 per cent.; three-month 7 3/4 per cent.; six-month 8 1/4 per cent.; one-year 9 1/4 per cent.; two-year 11 1/4 per cent. Bank Rate (published by the Bank of England) 8 per cent. Bank Rate for small sums at seven days' notice 7 1/2 per cent. Clearing Bank Base Rate for lending 8 1/2 per cent. Treasury Bill: Average tender rate of discount 7.425 per cent.

Scottish European's intentions

Following the decline in share prices over the past 12 months the directors of Scottish European Investment Company believe that European markets have the potential for substantial recovery and further growth. They therefore intend to maintain the concentration in continental Europe, Mr. P. W. Turcan, the chairman, says in his annual report.

An already known, on gross income of £1.03m. (£0.88m.) pre-tax revenue was up from £0.51m. to £0.43m. for the year to March 31, 1977. The dividend is raised to 1.5p (1.1p) net per 25p share and on the basis of present estimates the directors hope to pay a dividend of 1.5p for 1977-78.

During the year European holdings were generally reduced but towards the end of the period the directors put some money back into France and the Netherlands to take advantage of lower prices.

Overseas loans were reduced and gearing was eliminated for the time being in view of the unsettled conditions that continued to prevail in European markets.

Turcan reports in addition, the proportion of the portfolio in U.K. equity and long-dated Government stocks was increased. At March 31, 1977, 62.6 per cent. of net assets was invested in foreign stock markets, with 58.0 per cent. in continental Europe and 4.6 per cent. in the U.S. and elsewhere. Of this amount 20.0 per cent. was through the premium, and 42.6 per cent. was financed by foreign currency loans backed by equivalent holdings of short-dated British government stock. Of net assets, 36.2 per cent. was in voting equities and long-dated government stock and 10 per cent. in cash and additional short-dated British government stock.

Office and Electronic Machines Limited

United Kingdom Distributors of Adler, Imperial and Triumph Typewriters, Calculators, and other Business Machines and Supplies.

Profits and Dividends continue to increase

Results for 1976	1976	1975	1974	Prospects for 1977
Turnover	£15,418,635	£12,875,812	£9,296,531	Turnover and profits should show a further increase.
Profit after Tax	842,801	718,635	585,424	
Shareholders Funds per Share	74.0p	63.8p	55.5p	
Earnings per Share	13.3p	11.7p	9.9p	
Dividend per Share	3.8p	3.3p	3.1p	

Copies of the Report and Accounts may be obtained from the Secretary at 140-154 Borough High Street, London SE1 1HL.

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5% FIRST MORTGAGE DEBENTURES Royal Exchange Assurance, Trustees for the Debentureholders, 10, Abchurch Lane, London EC4N 3DF. The debentures are to be issued in the sum of £1,000,000 and will be secured by a first mortgage on the premises known as 140-154 Borough High Street, London SE1 1HL, and also three months 3 1/2 per cent. Treasury bills. The debentures will be issued in the sum of £1,000,000 and will be secured by a first mortgage on the premises known as 140-154 Borough High Street, London SE1 1HL, and also three months 3 1/2 per cent. Treasury bills. The debentures will be issued in the sum of £1,000,000 and will be secured by a first mortgage on the premises known as 140-154 Borough High Street, London SE1 1HL, and also three months 3 1/2 per cent. Treasury bills.

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 A MEMBER OF CITICORP INTERNATIONAL GROUP

May 30, 1977

Stevin Group, continuing growth and internationalisation

The Dutch-based international contractor Stevin Group achieved strong expansion in 1976. This is apparent from the recently published annual report for 1976. Highlights from this report:

- Profitability improved markedly. Profit rose from 9.7 percent to 1.1 percent of total invested capital.
- The salient figures showed a further improvement. Per 20 guilder share they were:

	1976	1975
cash-flow	48.19	45.65
net profit	16.43	13.83
dividend	5.50	5.00
shareholders' funds	157.18	148.57

Are you interested in the Stevin Group? Then send for the 1976 annual report packed with information about the Dutch-based contractor Stevin Group working all over the world. Please send requests for copies of the report to:

- Turnover rose from 1,391 million guilders in 1975 to 1,696 million guilders in 1976. That is an increase of 21.93 percent. In the last five years group turnover has risen almost three hundred percent.
- Every division had a part in this growth. The distribution of sales was as follows:
 - Dredging and reclamation 35%
 - Civil engineering 24%
 - Pipelines 3%
 - General works 7%
 - Roads and asphalt 24%
 - House building 3%
 - Other activities 4%
- The international distribution of activities was extended further. Last year 55 percent of sales were carried out outside the Netherlands. Thirty-four percent of sales were accounted for by the Middle East and Nigeria, areas where Stevin Group has been active for several decades.

Stevin

Stevin Groep NV
 Kaap Hoordreef 66,
 UTRECHT,
 The Netherlands.
 Tel.: 010 - 3130620880

MINING NEWS

Quebec seeks stable copper contracts

BY PAUL CHEESBRIGHT

THE QUEBEC provincial Government, seeking to encourage mineral activity but at the same time to strike a balance between the interests of the companies and the rights of the province, have intervened in the marketing, exploration and the mining processes.

The Quebec Government is searching at government-to-government level for secure copper export markets. British Columbia has announced a coal development policy and New Brunswick is introducing a modified tax bill.

Amax pleads its case

AMID SHARPLY expressed reservations about the petroleum aspects of President Carter's energy policy for the U.S., Mr. Ian Macgregor, the retiring chairman of Amax, has urged a greater use of coal and uranium.

Informal contacts have been opened with foreign governments, while the Quebec authorities have been in touch both with the Council of Copper Exporting Countries and the United Nations Conference on Trade and Development.

The two preferred copper suppliers to Western Europe appear to be Canada and Australia. It may be that countries such as West Germany and France place a higher priority on assured supplies and stable prices than on uncertain prices.

The concern in British Columbia at this stage has been less with mining and more with development. The mining industry is currently assessing the implications of a coal policy recently announced by the provincial Government and intended to be the most important announcement on resources policy likely over the next few years.

Some provisions of the overall policy, like those stressing the right of the province to meet its own coal needs before sales outside the province and the necessity for British Columbia coal sold outside the province to fetch world competitive prices, the industry finds easy to accommodate.

What concerns the industry is the insistence of the Government on a royalty of \$1.50 (\$3p) a ton. It considers that such a tax is too high. "We feel that tax should be based on profit. We always have opposed a royalty," said Mr. P. R. Mathew, the managing director of the provincial Mining Association.

The industry feels that it has not been able to make its own views on policy development heard loudly enough. The provincial Government, however, stresses its intention to work closely with the industry on bringing the policy into effect.

But industry representatives have apparently had the effect of inducing the Government of New Brunswick to modify its plans for changes to the Mining Income Tax Act.

The provincial Government has originally planned to exact a royalty equivalent to 2 per cent of net smelter returns in addition to a tax on earnings related to a company's investment base. These proposals are now to be toned down, although details are not yet forthcoming.

The two companies chiefly affected by the revision of the plans are Brunswick Mining and Smelting and Heath Steele Mines.

The gold could be a valuable source of extra revenue, such is the case at the Rio Tinto-Zinc group's Bougainville mine.

But it is still far from certain that Ok Tedi will get the go-ahead. It is situated in an area where more difficult to operate in than Bougainville and will require a costly infrastructure and a well-paid labour force.

Meanwhile, BHP is pressing on with its feasibility study, a major phase of which will be the start to be made soon on two tunnels, one of 370 metres and the other of 540 metres, to be driven into the orebody on Mount Fublian.

One taken through the tunnels will be crushed and sampled to add to the information already derived from 140 drillholes completed on the site.

BIDS AND DEALS

Near £4.5m. offer for Mann & Overton

BY CHRISTOPHER DUNN

Lloyds & Scottish has announced terms of an agreed take-over bid for Mann & Overton, the distributor of London taxis.

Shareholders in M & O are being offered seven shares in Lloyds & Scottish for every four held, which at last night's closing value the company at £4.44m.

Shareholders are also offered a cash alternative on the basis that its value will not be less than the capital value of the Ordinary share offer as calculated on practicable date prior to the printing of the formal offer document.

To-day's move was fore-shadowed in May, when the Edinburgh-based firm had acquired its existing 23 per cent holding in M & O.

M & O is the sole distributor of the Hackney cab in the London area. This is the standard familiar vehicle which is licensed to ply for hire, as opposed to the unlicensed minicab, which can only accept business from an office.

The influence of M & O extends beyond London. The current South African Minador gold mine of Canada's Laurasia Resources is mining at the rate of some 120 tonnes of ore per day and hopes to reach the target of 320 tonnes or 5,000 tonnes per month, by the end of this year.

At that time access should be obtained to the higher grade ore and gross operating profit should begin to represent a substantial return on the \$1.5m-plus expended on the project," it is stated.

One reserves stand at approximately 3.5m. tonnes averaging 0.13 ounces per ton and there is also a tailings dam containing an estimated 5,500 ounces of gold. As already reported, the Minador lease has been extended to end 1985 by its owners, Randfontein Estates, Laurasia were 37p yesterday.

PAHANG'S £2M. SHARE SALE
It is announced that the Malaysian tin-producing Pahang Consolidated has entered into an agreement, subject to the approval of the relevant Malaysian authority to sell its entire holding of 8.55m. shares of Faber Merin Malaysia for £2.08m. cash to Sentosa Plywood.

Deals in Pahang shares have been suspended since June last year by the Kuala Lumpur Stock Exchange following investigation into the shareholding of the company and Faber Merin. The last price in London of Pahang shares before their suspension was 27p.

Mr. Michael Slocock, chairman of Singlo Holdings, which is making an offer of £1.5m. bid for Purbeck Group, is forecasting an increase in Singlo's pre-tax profits last year of \$9.9m. are still low in these terms.

Last year, of the 2,500 or so Hackney cabs which were manufactured in Coventry, M & O sold 1,500 in the past year. Over half the cabs sold by M & O were retained on HP.

Mr. Slocock, in a letter to Purbeck shareholders accompanying the offer document, argues that the terms proposed are fair and reasonable. He says the offer values Purbeck at 48.5 per cent of the combined value of the two companies while its contributions in historic terms would be 37 per cent of pre-tax profits, 47 per cent of earnings (because of Purbeck's relatively lower tax charge) and 50 per cent of net tangible assets.

On Singlo's forecasts, the contribution to pre-tax profits would be 23 per cent and 33 per cent of earnings.

Mr. Slocock suggests that a merger of both companies' tax estates would lessen exposure to political and trading risks in any one country, Singlo having four estates in India and Purbeck one in Malaya.

Because each company has its tea-selling season at different times of the year—Singlo in the winter and Purbeck in the summer—the enlarged company should have a well-balanced pattern of cash flow, says Mr. Slocock.

Further development of Purbeck Ceramics in the aftermath of the takeover by Singlo with the greater financial resources of the merged companies.

Mr. Slocock points out that the offer, worth 73.75p a share yesterday, allows an increase in capital value of 25 per cent on the market price ahead of the offer and an income uplift of 42.2 per cent.

Single already owns or has received irrevocable contracts for some 39 per cent of Purbeck's fully-diluted shares.

Purbeck will continue to oppose the offer and aims to reply in the early part of next week, yesterday its share price was unchanged at 77p, more than 3p above the terms indicated.

Closing date is July 5, beyond when the cash alternative of 58p a Purbeck Ordinary share will not be extended.

LYON & LYON
Mr. W. Glynn Bignart, chairman of Clyde Petroleum, which is making a contested £1.12m. bid for the 70 per cent of Lyon and Lyon it does not already own, says in the offer document that 1976 and 1977 are giving Lyon and Lyon shareholders "their first respite from a decade in which sales growth has not kept pace with inflation and the profit record has not been impressive."

He says the Lyon share price has only exceeded 30p the offer price, in two out of the last ten years. Two weeks before Clyde announced its offer Lyon had reported greatly improved profits and commented on future trading prospects, and yet the shares stood at only 40p ahead of the offer, he argues.

Clyde, which is building up its interests in preparation for a Stock Exchange listing, proposes to develop the Lyon business within the group.

Yesterday's Lyon share price was unchanged at 55p. Closing date is July 8.

I. D. & S. RIVLIN
Sachs and Sherman, a wholly owned subsidiary of I. D. and S. per cent.

Rivlin Holdings, has entered into contracts to purchase H. S. Wilkinson (Weatherwear), which

London specify that cars plying for hire must conform to Hackney carriage regulations. So the M & O design has finished up as the standard taxi in many different parts of the country.

Its strong position is buttressed by the Public Carriage Office, which fixes Hackney cab standards for London and, thus by extension for some provincial centres. The tradition of public surveillance of both taxis and their drivers dates back at least to Cromwell.

The PCO specifies construction details in a Hackney cab, like turning and headroom. It looks at the cabs it licenses at least once a year, relies heavily on police reports about scruffy Hackneys, and visits drivers early in the morning to check cabs really are "on the road" when they are reported in for repair.

Outside London L & S's subsidiary, Scottish Discount, also finances the purchase of all kinds of cars in various provincial centres. Its hold has been consolidated by the recent distribution of British Leyland shares, which franchises into five main dealerships.

A financially stronger M & O will be better able to tackle some of the changes it now faces. The current M & O-designed cab meets the requirements to conform to EEC regulations, which could open up an export market. Fresh legislation concerning provincial cab standards could create a market in another new market. So the cab as we know it could soon be in for a major change of clothes.

ALBANY LIFE OFFER
Albany Life Assurance, the U.K. subsidiary of American General Insurance group, is making a limited offer of its latest guaranteed income bond, the Series 7 Guaranteed Income Endowment.

This is a four-year single premium, full initial investment returned—the sum assured—and income payments cease.

The plan offers an effective income of 9 per cent per annum net of tax (equivalent to 12.8 per cent, grossed-up), paid at the basic rate. But higher rate taxpayers will face some tax liability.

JOHNSON AND FIRTH BROWN: Prudential Assurance Company at April 18 held 3,490,934 shares (£7.76 per cent).

Aggregate net profits before tax of the three companies for year ended January 31 1976 were £23,016 and the net assets being acquired amount to £197,256.

ACCEPTANCES FOR VOKEWORTH
Vokesworth Securities has received acceptances for its offer for Tremlett's from 77.5 per cent of the Ordinary shares and the offer is unconditional. In addition it has won acceptances from 79.7 per cent of the Preference shares of the Heating Group.

The offer for all the 50,000 10 per cent Preference shares of Tremlett's has been accepted in full.

The Tremlett's Ordinary offer sheet, which has been extended for a further 21 days until July 1.

TOOTAL
English Sewing, a subsidiary of Tootal has purchased from Mr. S. L. Kersen and S. Karsen the listed stocks and certain assets of the haberdashery business carried on under the name of Kersen Trimmings for some £50,000 to be paid in cash. About £250,000 will be paid during the next three months and the balance over the following three years.

Arrangements have been made for the management of S. Kersen to be actively associated with the business.

W. W. CANNING
W. W. Canning has sold its 50 per cent interest in Healing Canning Tea to a consortium of 35,000 shares in Healing Industries.

Healing Industries is quoted on the Auckland stock exchange and the market value of that number of shares amounted to £38,450 at May 31, 1977. At March 31, 1976 the last audited balance sheet of Healing Canning Tea, Zealand, net tangible assets of the company and its profits attributable to W. W. Canning amounted to £35,000 and £7,000 respectively.

HOLYROOD RUBBER
Mr. Addinsell's Statement

The 64th annual general meeting of Holyrood Rubber Limited was held on 13th June in London, Mr. J. Addinsell (the Chairman) presiding.

The following is an extract from his circulated statement: The company achieved a record profit for 1976, as a result of a substantially higher average price received for our rubber and a 10 per cent increase in crop. Production costs and export duties rising with the prices received were up by 27 and 14 per cent respectively over the year. Average proceeds, however, were 38.47p per kilo against the 1975 figure of 23.32p, an increase of 61 per cent.

The pre-tax profit, including investment income and after deducting replanting expenditure, was £100,722. Taxation in the U.K. and Malaysia requires £45,882, this figure including Advance Corporation Tax on the dividend. After providing for the year's dividend distributions, 4.52p per stock unit, interim paid in January last and the proposed final of 19.51p, and transferring £15,000 to General Reserve to help provide for the company's capital works, there remains £32,906 in carry forward.

The rubber crop for the first quarter of 1977 was over 10 per cent up on the comparative figure for 1976. Given the maintenance of good prices for our output, we can expect satisfactory results for the current year.

The estate management team and labour force, ably supported by the eastern agents and visiting agents continue to merit stockholders' thanks for their essential contributions to the year's results.

The report was adopted. Agents & Secretaries: Harrisons & Crossfield Limited.

GEDULD INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
Holders of share warrants to bearer of Geduld Investments Limited are reminded that as a result of the acquisition of their shares by Union Corporation Limited their bearer warrants are no longer valid or good for delivery. To obtain the benefit to which they are entitled holders must surrender their warrants, talons No. 7 and coupons Nos. 125-139 inclusive to be exchanged for those of Union Corporation in the terms of the scheme of arrangement approved in October 1976.

SAFIC

Directors: S. Borsook (British) (Chairman and Managing Director); K. Gross; J. Mincer; L. Mincer; D. H. Shapiro; N. Werksman.

Saker's Finance and Investment Corporation Limited

Audited preliminary profit announcement

As will be seen from the figures below, the consolidated results for the past year are in keeping with the indications given in the interim announcement. It will be noted that a distinction has been made between the results from operations and the cost of financing these operations.

Shareholders must be fully aware of the dramatic fall in vehicle sales throughout the financial year and the plight in the Motor Industry in South Africa now finds itself. In these circumstances it became our prime objective to ensure that the group maintained a sound and improved financial position, if necessary at the expense of current profits. Maintaining liquidity became the key issue.

Management has done well in meeting this objective. Compared with figures shown in the consolidated balance sheet at 31 March 1976, total assets have been reduced by R2,336,000 and total debt by R2,284,000. At the same time, shareholders' equity (including outside shareholders) improved by R548,000. This has resulted in a marked improvement in the financial ratios.

However, during the year, the levels of borrowings rose temporarily to accommodate the inflow of vehicle stocks at a time when sales were declining. This was necessary until such time as stocks were adjusted to a level commensurate with lower sales. This explains, to a large extent, why interest costs were higher during the 1977 financial year, despite the fact that the level of interest-bearing debt at the end of the financial year showed a reduction of R2,097,000.

Tax at 46.89% was higher than the standard rate of 43% (1976 - 41%). This arose because a trading subsidiary incurred a loss of R116,000 and tax to the extent of R34,000 was not set off against the group's tax liability.

Your company is totally dependent on the dividends it receives from Saficon Investments Limited, for the payment of its own dividends. In this respect, the Board indicated in the interim announcement that in future dividends would be subject to the long-term financial requirements of the group. Having regard to current levels of profitability, the continuing high level of inflation (which has to be financed) and the future cash flow of the group, your board has declared a dividend of 1.5 cents per share, which was necessary to eliminate any liability for undistributed profit tax.

The dividend of 1.5 cents per share which accrues to your company on its shareholding in Saficon Investments Limited covers the preference dividends, but is insufficient to justify a dividend and distribution. New models and reduced interest rates have helped to improve current profitability, but the general outlook for the Motor Industry for the rest of 1977 does as yet not show any signs of improving.

Consolidated group profits — year ended 31 March 1977

	1977 (R'000)	1976 (R'000)	Increase/ (Decrease) %
Turnover	117,249	122,279	(4.0)
Net profit before tax and interest	3,433	5,408	(36.5)
Less: Taxation	1,596	2,258	(29.3)
Net attributable earnings	1,837	3,152	(41.7)
	210	252	(16.7)
Less: Interest after taxation	2,047	3,404	(39.9)
Interest	1,319	1,089	20.0
Less: Taxation deductible	2,468	1,888	30.7
	1,148	787	45.6
Interest of outside shareholders and preference dividends	728	2,305	(68.4)
	320	914	(65.0)
Normal earnings for ordinary shareholders	408	1,391	(70.7)
Per ordinary share			
Earnings (cents)	8.52	29.06	(70.7)
Paid (cents)	—	14.25	—
Number of shares in issue	4,787,030	4,787,030	—

By order of the board
Saker's Management Company (Proprietary) Limited
Secretaries
Per: P. R. Glendinning
6 June 1977

Transfer secretaries
Security Registrars (Proprietary) Limited
16th Floor, Nedfin Place
Corner, Simmonds and Kerk Streets
Johannesburg 2001

Registered office
11th Floor
Cape Towers
Maclean Street
Johannesburg 2001

Fine Art Developments Limited
RECORD SALES AND PROFITS
... we have budgeted for sustained progress... sales trends in the current year are encouraging!

F. R. Keny, Chairman

Year ended 31st March	1977	% increase
Sales	£33,384,000	25-0
Profit before tax	£3,618,000	31-2
Disposable profit	£1,733,000	57-0
Earnings per share	4-708p	45-7
Dividends	A maximum permissible final dividend of 0-6512p is recommended.	
Rights issue	£1,850,000 cash to be raised by issue of 1 share for every 4 shares held, at 21p per share.	
Exports	Increased by 85-6% to £1,161,000.	

Fine Art Developments Limited
The 1977 Report and Accounts are available from the Secretary at Fine Art House, Queen Street, Burton-on-Trent, Staffordshire.

Handwritten signature or mark.

Henlys tops forecast with £1.68m. midway

RECORD half-year results and the forecast of best-ever full-year profits are announced by Henlys the motor distributor.

On turnover 18 per cent higher at £71m, pre-tax profits for the half-year ended March 31, 1977 amounted to £1,681,000 compared with a forecast of around £1.4m made at the AGM in March and with £1,344,000 for the previous corresponding period. The profit is after interest charges of £500,000 (£422,000), but before tax of £904,000 (£239,000).

Stated net earnings for the half-year amounted to 7.1p per share, against 1.7p in the interim dividend is increased from 1.75 to 2.0p net. Last year's total was 5.8007p—pre-tax profits were 2.9m.

Mr. Gordon Chandler, the chairman, says sales were outstanding in February and March. Substantial advances were registered by most sectors, notably vehicle sales, vehicle leasing, servicing and the construction and agricultural equipment. Profits from parts operations were sustained despite severe supply difficulties, and petrol, lubricating oils and other allied activities were maintained against a hard competitive background.

On prospects Mr. Chandler declares that it is clear that with April and May profits running strongly above 1976 levels, the group is well placed to produce record results for the year as a whole.

One vital factor in recent weeks has been the restoration of full Leyland production and this, together with the steady improvement in the supply of parts, gives added confidence.

The group is reaping the benefit of all the reorganisation and streamlining of trading activities carried out over the last three years, and can now look forward to future growth with well-founded optimism.

Half-year	1976-77	1975-76	Year	1976-77	1975-76
Group turnover	71,000	60,228	1976-77	129,200	129,200
Trading	2,181	628	1976-77	2,227	2,227
Direct	58	42	1976-77	54	54
Profit before tax	1,681	434	1976-77	1,403	1,403
Taxation	77	182	1976-77	182	182
Net profit	1,604	252	1976-77	1,221	1,221
Extraord. credits	111	3	1976-77	118	118
Available	1,493	255	1976-77	1,103	1,103
Perf. dividend	5	3	1976-77	18	18
Attributable	582	194	1976-77	1,088	1,088

comment

Henlys' has beaten its earlier forecast of £1.4m. pre-tax by 20 per cent. Car volume was up some 10 per cent over the six months, but the real features behind the recovery were a containing of fixed costs (10 outlets were closed) and an improvement in margins. Thanks to the Leyland policy of cross franchising Henlys can reduce its outlets while the poor supply of vehicles from Leyland has led to a much reduced discount offered on new car sales. A full year projection of over £13m. pre-

tax for a prospective p/e of 8.9 and yield of 9.4 per cent, at 1081p is more or less in line with the ratings of other major Leyland distributors. Next year should be even better. Rover sales are forecast to double thanks to the introduction of the 2.6 Rover, and Jaguar sales should be up 40 per cent. On top of that agricultural equipment sales should rise and the Ford dealer-ship (acquired last February) could chip in £1m. Margins might suffer as the availability of Leyland vehicles improves but an increasing proportion of retail vehicles (as opposed to wholesale) will help overall profitability.

GEI Int. turns in peak £4.1m.

After being up from £1.17m. to £1.5m. at half-time, GEI International, the specialist engineering group, announces a 37 per cent increase in pre-tax profit to a record £4.1m. for the year to March 31, 1977. Turnover advanced 24 per cent to £39.9m.

Under earnings per 20p share are up from 3.9p to 7.3p based on from 5.9p to 7.4p fully diluted. This is GEI's seventh successive year of record profits, which have more than tripled in four years. The final dividend is 2.400p per share, making a total of 3.715p (3.389p), the maximum permitted.

Mr. Thomas Kenny, the chairman, reports that the financial condition of GEI continues strong, with net cash balances in excess of £4m. at the year end. Net current assets increased by over £2m. to £11.6m.

Expenditure during the year on new machinery and buildings exceeded £2m., bringing the total spent in five years to almost £7m.

At March 31, 1977, fixed assets were £8.8m. (£7.51m.) and net current assets £11.56m. (£10.7m.).

The group currently has under consideration two possible European takeovers that could together cost around £1m. cash. Mr. John Sewell, managing director, said that talks on the biggest of the two deals were already at an advanced stage.

Overseas companies currently make up less than 5 per cent of group profits but Mr. Sewell made it clear that GEI was now looking for further expansion in Europe.

All divisions within the group were producing higher profits. Mr. Sewell said the two star performers over the 12 months trading have been the Midland Steel Products division and the Midland Bright division which together accounted for around 60 per cent of group profits. Mr. Kenny said that order books were particularly good and

Half-year	1976-77	1975-76	Year	1976-77	1975-76
Group turnover	39,900	32,200	1976-77	129,200	129,200
Trading	2,181	628	1976-77	2,227	2,227
Direct	58	42	1976-77	54	54
Profit before tax	4,100	2,980	1976-77	1,403	1,403
Taxation	77	182	1976-77	182	182
Net profit	4,023	2,798	1976-77	1,221	1,221
Extraord. credits	111	3	1976-77	118	118
Available	3,912	2,801	1976-77	1,103	1,103
Perf. dividend	5	3	1976-77	18	18
Attributable	3,907	2,798	1976-77	1,088	1,088

MILFORD DOCKS

The necessary consent for Milford Docks to pay the final dividend for 1976 has been obtained. It is 2.68p and payable June 29.

Tarmac now starts to catch up

Mr. Robin Martin, chairman of Tarmac, told the annual meeting yesterday that the company should be "moving ahead" in the second half of the current year.

The group had not made a good start, but it was now catching up and would just about have done so by the half year. During the second half year it should be moving ahead.

There was a good deal of overseas work in hand and he had no reason to alter his view that the current year would show an overall improvement on the 1976 performance.

Holland, Hannen and Cubitts, which was acquired last year, was doing well. "We are very satisfied with the purchase," he added. Answering a shareholder who asked for further information on a £2.7m. provision in the accounts, being the anticipated loss on disposal of a property development in Brussels, Mr. Martin said the development was started during "the heady days of 1973. But costs escalated, the value of the pound fell and property values dropped. It was stopped to sell the property soon, but at a price below cost."

Asked why the company had not taken steps to acquire the outstanding loan stock, following the conversion offer a year ago, Mr. Martin explained that the Ordinary share price had fallen steeply and it had been decided not to dilute further the Ordinary capital.

comment

The pace of profits growth at GEI accelerated from 28 per cent in the first half to 42 per cent in the second and the lengthening order book suggests that further substantial progress can be made this year. The regular profits growth over the past seven years or so is impressive—especially compared to the record of others in the engineering sector. One of the reasons seems to be well-timed and well-placed capital investment. Some £2m. was invested last year while a further £2m. is due to be spent this year on the manufacture of specialist wheels and bakery ovens where competition in the U.K. is somewhat limited. The shares at 67p are on a p/e of 8.7 which goes some way towards recognising GEI's record and prospects but they could still be worth holding even at this level. The yield is a useful 8.8 per cent.

Edward Jones improves in second half

On turnover up from £2.51m. to £3.06m., pre-tax profits of Edward Jones (Contractors) finished 1976 ahead from £118,961 to £124,504 after a first-half downturn from £25,000 to £20,500.

In their interim report the directors forecast an improvement in second-half results. They now say that pressure on margins has continued into the current year, but the order book is healthy and there should be a further increase in turnover.

Profits for the year included investment income of £5,887 (£3,511). Tax takes £37,308 (£34,637) and minorities £9,843 (£5,377).

Earnings are shown to be up from 1.37p to 1.72p per 10p share. The dividend is held at 0.91347p net.

Half-year	1976-77	1975-76	Year	1976-77	1975-76
Group turnover	3,060	2,510	1976-77	129,200	129,200
Trading	2,181	628	1976-77	2,227	2,227
Direct	58	42	1976-77	54	54
Profit before tax	1,245	1,189	1976-77	1,403	1,403
Taxation	77	182	1976-77	182	182
Net profit	1,168	1,007	1976-77	1,221	1,221
Extraord. credits	111	3	1976-77	118	118
Available	1,057	1,004	1976-77	1,103	1,103
Perf. dividend	5	3	1976-77	18	18
Attributable	1,052	1,001	1976-77	1,088	1,088

drafted

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / June, 1977

\$75,000,000

Charter New York Corporation

8 1/2% Sinking Fund Debentures Due 2002
Interest payable December 1 and June 1

- | | |
|----------------------------------|---------------------------------------|
| Salomon Brothers | Merrill Lynch, Pierce, Fenner & Smith |
| Blyth Eastman Dillon & Co. | The First Boston Corporation |
| Goldman, Sachs & Co. | Kuhn Loeb & Co. |
| Donaldson, Lufkin & Jenrette | Hornblower, Weeks, Noyes & Trask |
| Keefe, Bruyette & Woods, Inc. | Lehman Brothers |
| M.A. Schapiro & Co., Inc. | Smith Barney, Harris Upham & Co. |
| Wertheim & Co., Inc. | White, Weld & Co. |
| ABD Securities Corporation | EuroPartners Securities Corporation |
| New Court Securities Corporation | SoGen-Swiss International Corporation |
| Dillon, Read & Co. Inc. | Bache Halsey Stuart Inc. |
| Drexel Burnham Lambert | E. F. Hutton & Company Inc. |
| Lazard Frères & Co. | Reynolds Securities Inc. |
| Warburg Paribas Becker Inc. | Bear, Stearns & Co. |
| Basle Securities Corporation | Robert Fleming |
| Kleinwort, Benson | Scandinavian Securities Corporation |
| UBS-DB Corporation | |

This advertisement appears as a matter of record only

New Issue June 15, 1977

KOBE CITY

DM 100,000,000.-
6 1/2% Deutsche Mark-Bonds of 1977/1987

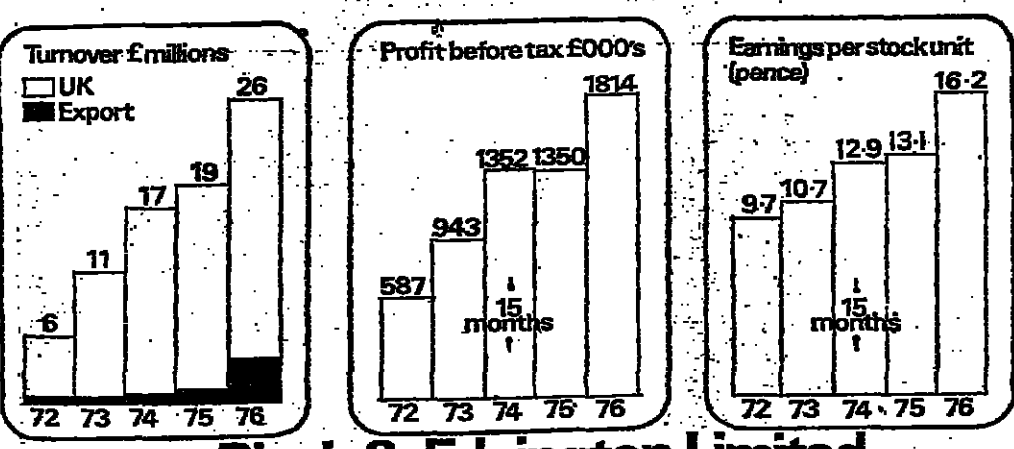
under the irrevocable and unconditional guarantee of Japan

Offering price: 98 1/2%
Interest: 6 1/2% p.a. payable annually on June 1
Maturity: June 1, 1987
Listing: Frankfurt (Main), Berlin, Düsseldorf, Hamburg, München

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|---|--|--|
| The Bank of Tokyo (Holland) N.V. | Deutsche Bank Aktiengesellschaft | Nomura Europe N.V. |
| Alahli Bank of Kuwait (K.S.C.) | Dresdner Bank Aktiengesellschaft | A.E. Ames & Co. Limited |
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| Banque de l'Indochine et de Suez | Bank für Gemeinwirtschaft Aktiengesellschaft | Banque Nationale de Paris |
| Banque de Neufbrize, Schlumberger, Mallet | Banque Française du Commerce Extérieur | Banque Populaire Suisse S.A. Luxembourg |
| Banque Rothschild | Banque Internationale à Luxembourg S.A. | H. Albert de Bary & Co. N.V. |
| Bayerische Hypotheken- und Wechsel-Bank | Banque de Paris et des Pays-Bas | Bayerische Vereinsbank |
| Joh. Berenberg, Gossler & Co. | Baring Brothers & Co. Limited | Berliner Handels- und Frankfurter Bank |
| Bankhaus Gebrüder Bethmann | Bayerische Landesbank Girozentrale | Citicorp International Group |
| Commerzbank Aktiengesellschaft | Berliner Bank Aktiengesellschaft | Compagnie Financière de la Deutsche Bank AG |
| Crédit Commercial de France | Caisse des Dépôts et Consignations | Crédit Suisse White Weld Limited |
| Daiwa Europa N.V. | Compagnie Financière de la Deutsche Bank AG | Delbrück & Co. |
| Den norske Creditbank | Crédit Lyonnais | DG Bank Deutsche Genossenschaftsbank |
| Dillon, Read Overseas Corporation | Den Danske Provinsbank A/S | European Banking Company Limited |
| First Boston (Europe) Limited | Deutsche Girozentrale - Deutsche Kommunalbank - | Robert Fleming & Co. Limited |
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| Kreditbank S.A. Luxembourgeoise | Industriabank von Japan (Deutschland) Aktiengesellschaft | Kuwait International Investment Co.s.a.k. |
| Kuwait Investment Company (S.A.K.) | Kleinwort, Benson Limited | Lazard Frères et Cie |
| McLeod, Young, Weir & Company Limited | Kuhn, Loeb & Co. Asia | Merck, Finck & Co. |
| Merrill Lynch International & Co. | Lazard Brothers & Co. Limited | Samuel Montagu & Co. Limited |
| Morgan Grenfell & Co. Limited | Manufacturers Hanover Limited | New Japan Securities Co., Ltd. |
| The Nikko Securities Co., (Europe) Ltd. | B. Metzler soef. Sohn & Co. | Saf. Oppenheim jr. & Cie. |
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| Svenska Handelsbanken | Simonbank Aktiengesellschaft | Trinkaus & Burkhardt |
| UBS-DB Corporation | Société Générale | Verband Schweizerischer Kantonalbanken |
| Verkehrs- und Westbank Aktiengesellschaft | Swiss Bank Corporation (Overseas) Limited | S. G. Warburg & Co. Ltd. |
| Westdeutsche Landesbank Girozentrale | Union Bank of Switzerland (Securities) Limited | Wood Gundy Limited |
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| | Westfalenbank Aktiengesellschaft | |
| | Yameichi International (Europe) Ltd. | |

BLACK & EDGINGTON EXPORT LED PROFIT GROWTH

- Chairman, Mr. R.G. Duthie, reports:
- * Record figures: turnover and after-tax profit up 40%; exports increased three-fold.
- * Continued expansion with strategic acquisition of the A-Line Caravan Group of Companies.
- * Turnover for the first quarter of 1977 substantially higher than last year and current export enquiries at an all time high.



Black & Edgington Limited
Port Glasgow, Scotland.
Camping and Leisure, Caravans, Workwear, Protective Clothing, Industrial Canvas Products.

We are pleased to announce that

SIMON WARD-JACKSON

has been appointed our

LONDON REPRESENTATIVE

and that we have opened offices

at

Brettenham House
6 Lancaster Place
London WC2E 7EN

F. EBERSTADT & CO., INC.
Members New York Stock Exchange, Inc.
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Paris Geneva

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Saab-Scania earnings fall despite sales rise

BY WILLIAM DULLFORS

STOCKHOLM, June 13.

SAAB-SCANIA, the Swedish commercial vehicle, car and aircraft manufacturer which is currently negotiating a merger with the Volvo group, reports pre-tax earnings of Kr.31m. (\$10.8m.) for the first four months of this year on a turnover of Kr.3.39bn. (\$450m.). The unaudited figures show a decline of Kr.7m. in earnings despite the 16 per cent. growth in sales compared with the first four months of last year. This development is in line with the forecast in the 1976 annual report that earnings would not keep pace with the lower turnover growth expected this year. Last year Saab-Scania's earnings dropped by Kr.77m. to Kr.255m. after a 23 per cent. increase in sales to Kr.9.6bn. The order intake during the first four months was 21 per cent. higher than during the corresponding period of last year, but the order stock at the end of the period at Kr.4.67bn. was almost Kr.200m. smaller than a year earlier. Compared with the first four months of last year the Scania truck and bus division, which accounts for over half the turnover and has been the group's main profit generator in recent years, again improved earnings with sales growing by 21 per cent. to Kr.1.7bn. This division holds the Volkswagen/Audi agency for Sweden. As expected a further decline in earnings was recorded by the car division, which made a loss last year. Car sales improved in the U.S. but declined on the domestic market. Saab announced last December that it was cutting production by 12 per cent. during the first half of this year. Sales reached just over Kr.1bn.

Fagersta losses mount

BY OUR OWN CORRESPONDENT

STOCKHOLM, June 14.

FAGERSTA, the Swedish special steel and rock-drilling equipment company, reports a pre-tax loss of Kr.42.3m. (\$5.6m.) before inventory appreciation and state stock subsidies for the first four months of the year. This is nearly Kr.12m. larger than the budgeted loss and almost Kr.18m. more than the loss recorded in the corresponding period last year. Sales amounted to Kr.456.5m. (\$51m.), which is some 16 per cent. higher than in the first four months of 1976 but Kr.41m. less than anticipated in the 1977 budget. The order book at the end of April was Kr.300m. against Kr.220m. a year earlier. The operating result before depreciation but eliminating inventory gains and stock subsidies comes out at a loss of Kr.200,000 which is comparable with an operating profit for the whole of 1976 of Kr.71m. and a budgeted profit for the first four months of Kr.14m. The failure to maintain the budget is attributed to disappointing sales volume and lower prices than anticipated for some products. There was however, a slight improvement in the past two months of the period, when some price increases began to take effect and an operating profit before depreciation of Kr.1.8m. was realised compared with a loss of Kr.2m. on the first two months. A breakdown of the pre-tax figure shows that the whole loss stemmed from domestic operations. Thus, the steel division recorded a loss of Kr.47m. within Sweden, while Fagersta's West German plant showed Kr.2.3m. against a loss of Kr.4.2m. A similar pattern emerges in the Secoroc rock-drilling division, where foreign operations showed Kr.4m. in pre-tax earnings against a loss of Kr.3.8m. on the Swedish side. Meanwhile, another Swedish steel concern, Uddeholm, has announced that it is abandoning talks with SKF, the Swedish roller bearing multinational, on the merging of their special steel strip operations. This merger was recommended in the recent report of a Government commission on the Swedish special steel industry. Uddeholm said that studies had shown that the advantages and cost savings achievable by a merger would be limited.

French takeover of Brown Harriman

By Michael Blenden

BROWN HARRIMAN and international banks, the London-based consortium banking group, is to be taken over by French banking shareholders.

It was confirmed yesterday that Credit Commercial de France, one of the largest private banks in France, had reached agreement in principle to buy the shares of Brown Harriman in association with another French banking group. The name of the other French group is not at present being disclosed.

The purchase, which will be finalised after the necessary authorisations have been received from the banking and other authorities concerned, has the agreement of all the shareholders of Brown Harriman. The biggest single shareholder is Brown Brothers Harriman, the U.S. private bank, which at present has 29.26 per cent. of the London group. The more apparent reflects a decision by the U.S. bank that its international representation should take a different form.

Originally, Brown Harriman was set up as Fleming, Speer, Brown Brothers in 1968, a partnership between Robert Fleming, the London merchant bank, Compagnie Financière de Suez and Brown Brothers Harriman.

In 1973 the U.S. bank bought out the other two shareholders, and then brought in as shareholders the First National Bank of Minneapolis and Pittsburgh National Bank, each with 10.53 per cent., and a number of other interests.

These include the Prudential Assurance, with 16.58 per cent., and the Inter-Alpha group of European banks bringing in Williams & Glyn's Bank in London and Credit Commercial.

It was stated yesterday that both the French banks which will become shareholders intended to continue to develop Brown Harriman's present activities. These include participation in the Eurobond and Eurocurrency loan markets, but with an increased emphasis on commercial lending.

In its last balance sheet for end-March 1977, Brown Harriman showed total footings of \$37m.

AMERICAN NEWS

Questionable payments made by Chrysler

BY STEWART FLEMING

NEW YORK, June 14.

CHRYSLER Corporation, the third largest of the U.S. motor manufacturers, has disclosed that it has made questionable payments overseas of more than \$2.5m. between 1971 and 1976. The company filed the information in a report to the U.S. Securities and Exchange Commission following a wide ranging internal investigation. Chrysler is the latest of over 300 U.S. corporations which have now admitted making questionable payments, facilitating payments, and "facilitating" payments to overseas sales representatives.

Chrysler gave no indication of the countries in which the payments were made or the people who received them. It said that it had conducted its business in accordance with both "applicable law and high ethical standards" and it added that none of its officers or directors had participated in any unlawful activities and that it had not made unlawful political contributions in the U.S. or overseas. Earlier this year General Motors, the leading U.S. manufacturer reported a number of what it termed "minor deviations" from its operating policies including possible illegal political contributions, facilitating payments and possible improper payments by independent overseas sales representatives. It did not however give a total dollar figure for these payments although it indicated that facili-

tating payments alone over the previous five year period had totalled \$1.25m.

Turner & Newall to pay \$8m. in Marenton deal

The agreement under which Marenton Corporation and Turner & Newall are to form jointly a new U.S. corporation to acquire Marenton's friction material and brake components operation is to cost Turner and Newall \$8m. for its 80 per cent. equity stake, writes Keith Lewis. Formal approval for the deal, which will involve the creation of a new company, Nutura Corporation, has still to come from the Bank of England. For Turner and Newall, the deal will be financed partly by the proceeds of the group's sale of its stake in CertainTeed Corporation.

New lows as Milan Bourse re-opens

By Dominick J. Coyle

ROME, June 14.

THE MILAN Bourse has opened following more than a week of protest action by brokers' agents and demanding Government reform and fearing even further redactions, but the market's downward trend has continued with new lows being reached yesterday and again today.

The Bank of Italy's decision to cut its discount rate by 2-2/3 points to an admittedly high 13 per cent. has done nothing to halt the decline in the market which is extremely low in both volume and value terms. The Treasury's move to issue a new form of paper with variable coupon, but with minimum interest rate and planning of 14 per cent., has disappointed the existing wide difference in the yield on equities against a background of low, in many instances non-existent corporate profitability.

While few buyers are evident in the market, there are some few exceptions for the few best quality initial names. Overall, however, the market remains overvalued not only by the generally depressed Italian price level but by the high reverse yield and a withholding tax on dividends of 50 per cent.

The situation is not helped by the fact that traditionally getting on for some four-fifths of transactions are done outside the market proper, and while Government has undertaken to examine the possibility of reforms in the market, no decisions are likely.

Komatsu down on forecast

TOKYO, June 14.

KOMATSU said it expects a profit in the half-year ending April and up 13.5 per cent. from June to be ¥5bn. against the original target of ¥5.5bn. Reuter reports.

Sales are forecast to total ¥170bn. compared with the target of ¥165bn. and ¥156.18bn. in the same period last year.

Komatsu said gross profit and special items would decline to ¥18bn. from the target of between ¥17bn. and ¥18bn. to compare with ¥22.85bn. last year.

Exports of bulldozers and other building machines were increasing with sales to the U.S. flourishing, but it was added, a drop in domestic sales would more than offset export rises.

The main reason for the decline in profit despite the sales rise was an increase in domestic installment sales of machinery, which temporarily reduced the profit rate, according to the company.

Toyota exports show further gain

TOYOTA MOTOR said it exported 122,200 vehicles in May, an 8.4 per cent. rise over April and up 13.5 per cent. from May last year, reports Reuter.

Toyota said it sold 50,740 vehicles to the U.S., up 24.5 per cent. from May, 1976, while exports to Britain fell 30 per cent. to 2,821 units from a year earlier.

The overall May total comprised \$7,900 cars, 33,100 trucks and 1,200 buses, Toyota said. May exports of 9,730 vehicles to Australia were up 17.6 per cent. from a year ago, while those to Saudi Arabia were up 31.2 per cent. to 8,100 units over the same period, it said.

The firm said exports of 3,300 units to Belgium were up 6 per cent. over May, 1976.

Nestle last year showed a group turnover of Sw.Frs.19.08bn. and cash-flow of Sw.Frs.1.45bn. Its net profits of Sw.Frs.872m. were far and away the greatest of any Swiss undertaking.

Next in size amongst the manufacturing companies last year was the Ciba-Geigy Chemical group of Basle, with consolidated sales of Sw.Frs. 9.48bn., followed by the Baden-headquartered engineering concern Brown Boveri with Sw.Frs. 8.43bn., Hoffman-La Roche with Sw.Frs.5.11bn. and Swiss Aluminium with Sw.Frs.4.88bn.

The Sandoz Chemical group of Basle, showed turnover of Sw.Frs.4.1bn. last year and the Sulzer Brothers Engineering Company in Winterthur one of Sw.Frs.3.53bn.

The leading trading company in Switzerland, says the weekly, was the Migros Co-operative, with total turnover of Sw.Frs. 6.65bn., and Swiss Co-Op, with Sw.Frs.4.68bn. Amongst other major non-industrials were the transport and forwarding agent concern Danzas, whose turnover reached Sw.Frs.3.5bn. in 1976, Swissair with Sw.Frs.2.18bn. and Panalpina-Transport with Sw.Frs. 1.83bn.

Mr. Edgar C. Felton, the bank's executive director, stated that capital increase will be used to support future growth in the bank's activities.

Saudi International Bank opened for business in March 1976 and was appointed an authorised bank in September 1976. Total assets at end-1976 were \$267m. at the end of last March.

Capital increase at Saudi Bank

SAUDI INTERNATIONAL BANK (AI-Saudi Al-Islami), a London-based consortium bank in which the Saudi Arabian Monetary Agency holds a 50 per cent. interest, has increased its issued share capital from £12m. to £25m., so that the authorised capital of the bank is now £37m.

Mr. Edgar C. Felton, the bank's executive director, stated that capital increase will be used to support future growth in the bank's activities. Saudi International Bank opened for business in March 1976 and was appointed an authorised bank in September 1976. Total assets at end-1976 were \$267m. at the end of last March.

New Mexican funding group

FINANCIAL TIMES REPORTER

A FINANCIAL services company, Finanzas Corporativas S.A. ("Finco") has been formed jointly by the Cremi financial and industrial group in Mexico and N. M. Rothschild and Sons, Banque Rothschild of Paris and Rothschild A.G. of Zurich which will be shareholders in the new venture which will be involved in raising funds for Mexican companies, project finance, advice on Mexicanisation, joint ventures, acquisitions and mergers. It will also advise on the placing of securities either through the Mexican Stock Exchange or privately. At the same time Rothschild announce that they are moving into Brazil through a new company, Conting Interconaut, which they will own jointly with Banco to Comercio e Industria de Sao Paulo, one of Brazil's major banking groups. This company will be active in all sectors of financial advice and services with particular emphasis on joint ventures and project finance. Cremi, Rothschild's partner in Mexico, includes the Banco Minerio y Mercantil and associated banks, the Penoles mining, metallurgical and chemical group, the Motezuma brewery, the Palacio de Hierro department stores, the La Nacional and La Provincial insurance group. Between them this group of companies represents a major force in the financial and industrial life of Mexico. The new company, Finco, will be staffed by executives from both Cremi and Rothschild.

EUROBONDS

U.S. \$ sector takes off

BY MARY CAMPBELL

THE U.S. DOLLAR sector of the market took off yesterday following Monday's surprise cut in the U.S. prime rate and the further falls in Eurodollar rates. Prices of straight bonds moved up across the board, dealers said, with gains between a half a full point being recorded. The gains were partially due to professional runners to cover any short positions but there was also significant retail demand. "We haven't seen turnover like this in one day for at least a month," one dealer said. Among recent issues, the fixed at Yen255, a premium of ECSC's new 18-year bond, recorded a very sharp rise from closing price of Yen217 per share to 994.99 in first-day trading on Monday to 1014-1024 yesterday. IC Industries quoted at 98-98 1/2 in first-day trading on Monday, rose to 98 1/2-99 1/2. The sharp upswing in the market was expected to benefit the Swedish two-tranche issue which was due for pricing yesterday evening. Two further issues have now been priced—Banco Nacional de Desenvolvimento, at 99 on a 9 1/2 per cent. coupon as indicated and the Mitsubishi-Gas convertible issue at par, on the indicated 6 per cent. coupon. The conversion price has been fixed at Yen255, a premium of 8.59 per cent. over yesterday's recorded a very sharp rise from closing price of Yen217 per share to 994.99 in first-day trading on Monday and Y222 on June 1 just before the issue was launched.

Bondtrade Index table with columns for Yesterday, Mon, Fri, Med. term, Long term, Convertibles and values.

Borden delisting in Tokyo approved

THE TOKYO stock exchange said that trading in Borden shares here will end on September 14, following approval of the U.S. company's plan to delist. Borden said it sought the Exchange's approval to delist last month after a drop in the number of Japanese shareholders, and high running costs.

42nd Thessaloniki International Trade Fair

Advertisement for the 42nd Thessaloniki International Trade Fair. Features large stylized text 'The compact fair' and 'compact + complete'. Includes details about the fair's location, dates (4-18 September), and contact information for the organizing committee in Thessaloniki, Greece.

EBES Societes Reunies d'Energie du Bassin de L'Escaut S.A.

Financial statement for EBES for the year ended 31st December 1976. Includes a table with columns for 1976 and 1975, and rows for Net operating revenue, Fixed assets, Income from investments, etc.

Advertisement for DG BANK, DG Bank Finance Company B.V. Promoting U.S. \$50,000,000 Floating Rate Note Issue due 1982. Includes contact information for Morgan Guaranty Trust Company of New York, London Agent Bank.

Advertisement for SLATER, WALKER INTERNATIONAL FINANCE LIMITED. Promoting Dfls. 60,000,000-6 1/4% Guaranteed Bearer Notes 1972 due 1976/1979. Includes details about the redemption group and contact information for Pierson, Helderling & Pierson N.V.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Bid for Conkey follows Amatil

By James Forth
SYDNEY, June 14.
IN THE SECOND round of rationalisation move within days in the meat industry, F. J. Walker today announced a \$42.63m takeover bid for the meat processor and exporter, Conkey and Sons.

Falkiner stake in R. B. Davies

By Our Own Correspondent
SYDNEY, June 14.
FALKNER HOLDINGS, chain manufacturer and investor, has bought a 43.3 per cent stake in hardware group, R. B. Davies Industries but claims it is undecided about its plans for the investment.

EVANS PRODUCTS RECOVERY

Monford Orloff takes a holiday

BY ART GARCIA IN SANTA BARBARA

MONFORD ORLOFF presently is, somewhere in Europe, enjoying an extended six-week vacation from his job as chairman, president and chief executive of Evans Products Company, based in Portland, Oregon, in the U.S. Pacific North-West.

Second rescue

It is, after all, his first holiday in more than two years but the rescue is felt deserved, more so because this is the second time the former attorney turned businessman has rescued Evans. And it marks the fifth major turnaround in the troubled company's problems.

capital, pre-tax return on invested capital, and \$150m. capital investment in the parent company and add \$350m. in railcars and truck trailers to Evans' lease fleet, and continue paying cash dividends on common stock at a rate of about 30 per cent of net earnings available for distribution.



Monford Orloff, chairman, president and chief executive of Evans Products Company...

completed and will be fully wrapped up this year. In its two-year restructuring, Evans has shed nearly all of its building materials manufacturing operations that didn't meet the 25 per cent return on investment standard. Gone are all of its

wholesale warehouse system, particleboard plants, plywood printing and refinishing plants, as well as what Mr. Orloff calls other "sterile assets" which were highly cyclical and capital intensive.

With its operations cleaned up and its financial resources again healthy, Evans will emphasise its retailing of building materials, in two larger areas of profit contribution—building materials retailing and railcar and truck trailer leasing.

around \$2.25 per share this year, up from \$1.60 last year when revenues were \$805.1m. In this year's first four months, the company's earnings were 20 per cent higher than a year ago at \$7.1m, or 42c a share before special gains, compared with \$5.8m. and 35c.

Unfiled slot
The company increased its cash dividend during this year's first quarter and now pays 15c per common share every three months, up from 10c distributed last year and the highest payout rate in its history.

Gervais Danone out of red

PARIS, June 14.
THE FOOD, packaging and glass manufacturer, BSN - Gervais Danone has, as forecast, turned its 1975 loss into an equivalent profit in 1976.

plants would be back in profits in 1976 though its Belgian and French operations would continue to run at a loss. Presumably the strong performance of the motor industry, a leading flat glass customer, has helped sales in this area, as well as the restructuring of the company's operations.

French electronics deal

BY OUR OWN CORRESPONDENT
PARIS, June 14.
THE PROCESS of restructuring the French electronics industry has moved a step further with the announcement of an agreement between the country's electronics giant Thomson-CSF and the much smaller concern Silec to re-group their semiconductor activities.

is subject to the permission of the French authorities. Société I metal has a 59 per cent interest in Penarroya, and recently increased its stake in LIG to 25 per cent, from 15.1 per cent, by taking up the issue of just over 4.8m. shares at 180p each.

Swire joint ventures

HONG KONG, June 14.
SWIRE PACIFIC and W. R. Loxley and Co. have set up a joint venture company, Swire Loxley, which will combine Loxley's business with the consumer products division of Swire and MacLaine (Far East).

Nedlloyd expects Fls.102m.

AMSTERDAM, June 14.
NEDLLOYD, Holland's largest transport group (formerly NSU), expects this year's net profits to amount to about Fls.102m. for the third consecutive year, a forecast which is based on the results of the first few months of this year.

Sales fall at Paris stores

PARIS, June 14.
VOLUME sales at major French stores fell sharply in May to the lowest level since index calculations started in 1970, according to preliminary estimates by the Paris Chamber of Trade and Industry.

New lead venture

By Donald Maclean
LEAD INDUSTRIES Group (LIG) and Société Penarroya intend to set up a joint company in France, to be known as Penalex, to produce and market lead based products from the second half of next year. The venture

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for bond types (STRAIGHTS, CONVERTIBLES, MARK BONDS), issuer names, and prices.

Government of Malaysia advertisement for a U.S. \$100,000,000 Euro-dollar term loan, managed by Morgan Guaranty Trust Company of New York.

Crédit Industriel et Commercial advertisement, LONDON, London Wall EC2M 5NE, Phone: 638.57.00.

THE PHILIPPINE INVESTMENT COMPANY S.A. advertisement, Net Asset Value as of May 31st 1977, U.S. \$8.89.

Consolidated Gold Fields Ltd. \$25,000,000 10 year Currency Exchange Agreement with Continental Bank.

Continental Bank advertisement listing various international branches and services.



LWT (Holdings) Limited

(Incorporated under the Companies Acts 1948 to 1967 and registered in England—No. 1241086)

the parent company of
London Weekend Television

Introduction
by
Samuel Montagu & Co. Limited

Share Capital

Authorised	Issued and fully paid
£	£
15,000	15,000
4,485,000	4,025,000
24,500,000	24,040,000

Application for listing has been made for the "A" ordinary non-voting shares only as the transfer of the ordinary shares into a new owner's name is subject to the approval of the Independent Broadcasting Authority.

Indebtedness

The Company has outstanding a secured loan of £5.3 million which is repayable in the year 2003 or earlier at the option of the Company and interest to the studios at the South Bank Television Centre which the Company holds under a long lease.

As at 20th May, 1977 the Company and its subsidiaries had outstanding guarantees amounting to £220,273. These comprise principally, guarantees in respect of ground rent for the South Bank Television Centre, a proportion of the overdraft of Independent Television News Limited and overseas customs duties. Under a group registration, the Company and each of its subsidiaries is contingently liable on a joint and several basis for value added tax due by any other group company.

Save as aforesaid, and apart from intra-group indebtedness, neither the Company nor any of its subsidiaries had outstanding on 20th May, 1977 any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities.

Directors

- The Rt. Hon. JOHN FREEMAN, P.C., M.B.E., M.A. (Chairman),** Kent House, Upper Ground, London SE1 9LT.
- LORD HARTWELL, M.B.E., T.D., M.A.,** 135 Fleet Street, London EC4P 4BL.
- BRIAN TESLER, M.A.,** Kent House, Upper Ground, London SE1 9LT.
- ROBERT CLARK, M.A., LL.B.,** 130 Jernyn Street, London SW1P 4UP.
- VICTOR ALEC GARDINER, O.B.E.,** Kent House, Upper Ground, London SE1 9LT.
- MICHAEL IAN GRADE,** Kent House, Upper Ground, London SE1 9LT.
- HERBERT CHARLES HARDY,** 30 Bourne Street, London EC4Y 8EX.
- ROGER HARRISON, M.A.,** 8 St. Andrew's Hill, London EC4V 5JA.
- DUNCAN McNAB,** "Mhairdion", Lodge Road, Sundridge Park, Bromley, Kent.
- PETER JOSEPH DEANE McNALLY, F.C.A.,** Kent House, Upper Ground, London SE1 9LT.
- RONALD DANIEL MILLER,** Kent House, Upper Ground, London SE1 9LT.
- THE HON. DAVID MONTAGU, B.A.,** 25 Kingston House South, Ennismore Gardens, London SW7 1NF.
- GEORGE HENRY ROSS GOOBEY, F.I.A., F.S.S., F.J.S.,** Greystoke, Walton Road, Clevedon, Avon BS21 6AE.
- EVELYN DE ROTHSCHILD,** New Court, St. Swithin's Lane, London EC4P 4DU.

Bankers

BARCLAYS BANK LIMITED, 54 Lombard Street, London EC3P 3AH.
SAMUEL MONTAGU & CO. LIMITED, 114 Old Broad Street, London EC2P 2HY.

Brokers

CAZENOVE & CO., 12 Tokenhouse Yard, London EC2R 7AN, and The Stock Exchange.

Solicitors

To the Company
DENTON HALL & BURGIN
Estates House, 66 Gresham Street, London EC2V 7BQ.

To Samuel Montagu & Co. Limited
ASHURST, MORRIS, CRISP & CO., 77 Throgmorton Avenue, London EC2N 2DD.

Auditors and Reporting Accountants
PEAT, MARWICK, MITCHELL & CO. (Chartered Accountants), 1 Puddle Dock, Blackfriars, London EC4V 3PD.

Secretary and Registered Office
CYRIL JAMES ORR, F.C.A., South Bank Television Centre, Kent House, Upper Ground, London SE1 9LT.

Registrars and Transfer Office
SAMUEL MONTAGU & CO. LIMITED, 118 Old Broad Street, London EC2N 1AN.

History

In 1967 a consortium was formed to make an application to The Independent Television Authority (the predecessor authority to The Independent Broadcasting Authority ("IBA")) for appointment as the programme contractor for the London area during weekends for the period of six years from 30th July, 1968. The application was successful and London Weekend Television Limited ("LWT") was incorporated on 16th June, 1967 in England and commenced transmission of programmes on 2nd August, 1968.

The Company itself was incorporated on 20th January, 1976 as a preliminary to an internal reorganisation which occurred in June, 1976 and in which LWT and all its subsidiaries became wholly-owned subsidiaries of the Company. When this reorganisation was proposed, the directors had particularly in mind to put before the shareholders the following considerations: first, and above all, the need to maintain and protect the performance of the television contract; secondly, for the long term benefit of both shareholders and employees, the desire to reinforce the financial strength of the Company and protect the value of its reserves by judiciously expanding its interests. Such expansion must be subject to the approval of the IBA. The reorganisation also had the practical advantage of simplifying the financial and legal administration of the Company's various interests. On 24th June, 1976 the major property interests and associated secured loan, listed investments and interests in subsidiary and associated companies of LWT, were transferred to the Company.

Business

The Company acts as the holding company of a group whose principal activity and main source of profit is that of an independent television programme contractor.

LWT

LWT provides programmes to be broadcast in the London area at weekends, specifically from 7 p.m. on Friday to close of transmission on Sunday. LWT operates a franchise under a contract with the IBA, as mentioned above, dated 29th July, 1968, as subsequently amended and extended. The franchise becomes due for renewal from 1st August, 1979. (See page 13).

The programme contract was obtained on the basis of the above mentioned application in which certain statements were made regarding the policies to be followed by LWT if the application were successful. The directors intend to continue to fulfil their obligations under the contract by producing programmes of high quality, both for transmission on the independent television network ("ITV") and catering for the varying needs of the London community. LWT also has an obligation to promote and support other activities, including the arts, science and education, considered likely to benefit the quality of the television broadcasting services. Apart from programmes intended only for London area viewers, LWT provides approximately 43 per cent. of the programmes transmitted nationally across the ITV network at the weekends. LWT is also responsible for the provision on behalf of ITV of "World of Sport", a four and a half hour sports programme on Saturday afternoons. The remainder of the programmes transmitted by LWT are acquired from the other ITV programme companies, film distribution companies and Independent Television News Limited under arrangements approved by the IBA.

The IBA

The IBA is responsible for administering the whole of the independent broadcasting industry in accordance with the Independent Broadcasting Authority Acts. The relationship between the IBA and the individual ITV companies is very close and regular day-to-day contact is maintained particularly by specific committees set up to monitor programme standards, advertisements and the balancing of the content of the programmes presented. There is a detailed agreement between the IBA and each ITV company for its appointment as a programme contractor, which makes provision, inter alia, for the payment by the contractor to the IBA of a rental charge which includes the use of facilities provided by the IBA. The IBA also acts as an agent for the Government for the collection of the exchange levy, a special tax on the profits of the programme contractors.

The Annan Report

In March, 1977, the Annan Committee on the Future of Broadcasting presented its report to the Government. Its central conclusion is that television broadcasting, within the existing three channels, should be maintained along the present lines, subject to certain modifications. Even if these modifications were to be accepted and implemented, the Board of LWT is of the opinion that any detrimental effect on LWT would not be very great. The Committee recommends that the available fourth television channel should be allocated to a new Open Broadcasting Authority. It is not considered that this recommendation, if implemented, would pose a significant threat, in the foreseeable future, to the audiences or revenues of ITV.

In common with all other ITV companies LWT will shortly be invited to apply to the IBA for a new contract which, if the Annan recommendation for longer contract periods is accepted by the Government, would be for a period of seven years from 1st August, 1979. The Board of LWT intends to make such application at the due time.

Other Subsidiaries

The other principal subsidiaries of the Company are all wholly-owned private companies and small in relation to LWT and are all concerned with secondary activities allied to LWT. They consist of electronic equipment manufacture, film production and distribution, the management of television franchise facilities, music publishing and merchandising.

Dynamic Technology Limited ("DTL")

DTL was incorporated on 2nd March, 1970 in England, has an issued share capital of £100,000, and is an electronics research, development and manufacturing company. DTL originally specialised in television broadcasting equipment in the field of computerised lighting control and time multiplexed machine control systems. DTL lighting systems are installed in each of the studios at the South Bank Television Centre. During the last two years, DTL has widened its product base moving from the development and manufacture of television broadcast equipment to control systems incorporating the latest digital and micro-processor techniques for use in industry at large. A substantial part of DTL's past production has been exported. As a matter of policy overseas sales will continue to form a large part of DTL's marketing effort. DTL's turnover for the 52 weeks ended 25th July, 1976 was approximately £475,000.

LWT Productions Limited ("LWP")

LWP was incorporated on 30th December, 1968 in England to produce, or co-produce, television programmes or films for exploitation in the United Kingdom and overseas markets, particularly the United States of America; the issued share capital is £1,000. This company has, in recent years made a small but valuable contribution to the profits of the group, as well as earning sums in foreign currency. Future profitability will, however, depend on the identification of suitable products with good overseas sales potential. LWP's turnover for the 52 weeks ended 25th July, 1976 was approximately £78,000.

London Weekend Television (Services) Limited ("LWTS")

In 1976 LWTS was awarded a contract by the Ministry of Defence to install and operate television broadcast equipment in London and Germany to facilitate the operations of the British Forces

Broadcasting Service to Germany. LWTS was incorporated on 7th August, 1975 in England and manages this contract. The issued share capital of LWTS is £100. The turnover for the first few months of LWTS's operation to 25th July, 1976 was approximately £84,000.

Weekend Music Limited ("WM")

WM was incorporated on 4th November, 1968 in England and the issued share capital is £1,000. This is a very small music publishing company whose income is mainly derived from royalties generated by use of the music written for LWT programmes. WM's turnover for the 52 weeks ended 25th July, 1976 was approximately £33,000.

The policy towards these principal subsidiaries is to allow them to develop and expand naturally insofar as they contribute to the overall needs of the group and, by the same token, to retrench them where they do not.

The remaining subsidiaries of the Company, all of which are private companies, are as follows: South Bank Enterprises (Merchandising) Limited was incorporated on 13th January, 1970 in England and is responsible for the collection of royalties from book sales. The issued share capital is £2.

LWT Pension Fund Trustees Limited was incorporated on 10th February, 1977 in England and is responsible for the management of the pension scheme of the Company and its subsidiaries. The issued share capital is £100.

Sportvision Limited was incorporated on 29th September, 1976 in England to market sports goods. The issued share capital is £20,000 of which the Company owns 75 per cent. The remaining 25 per cent. is owned by The David Stanley Organisation Limited.

There are two other subsidiaries both of which are private companies and non-trading—South Bank Enterprises (Holdings) Limited incorporated on 26th November, 1973 in England with an issued share capital of £2; and Central Programme Company Limited incorporated on 30th January, 1967 in England with an issued share capital of £2.

Standard Music Limited ("SM")

SM was incorporated on 16th August, 1968 in England and has an issued share capital of £2,000. SM is an associated company and is equally owned by the Company and Essex Music International Limited; it operates a small music library and trades as a music publisher. Turnover for the year ended 30th June, 1976 was approximately £86,000.

Directors and Staff

Directors
A full list of the directors of the Company is shown above. The Chairman's position is executive. Of the remaining directors eight hold executive positions in the Company or any of its subsidiaries. The non-executive directors offer the Company a comprehensive knowledge and experience of industry and commerce, particularly of the communication industry. Lord Hartwell is chairman and editor-in-chief of The Daily Telegraph Limited; Mr. Robert Clark is the Board of a number of companies, including Stock Corporation and Investment Trust Limited and Scottish and European Finance Limited, which owns 4.87 per cent. of the "A" ordinary non-voting shares of the Company; Mr. H. C. Hardy is managing director of News International Limited which is a substantial shareholder; Mr. Roger Hagman is joint managing director of The Observer Limited; Mr. Duncan McNab is now retired but was formerly chief executive of The London Co-operative Society Limited; The Hon. David Montagu is Chairman of Orion Bank Limited; Mr. G. H. Ross Goobey is a Fellow of the Institute of Actuaries and president of The National Association of Pension Funds; and Mr. Evelyn de Rothschild is Chairman of The Economist Newspaper Limited.

The directors' and other interests are shown on page 22.

The following directors in addition have executive responsibilities within LWT:

- The Rt. Hon. John Freeman (62)**
Prior to joining LWT he was British Ambassador to the United States of America for two years and before that he was British High Commissioner in India. He was chairman and chief executive of LWT from 1971 to May, 1976, when he relinquished his duties as chief executive.
- Mr. Brian Tesler (48)**
He was previously the programme controller and a director of Thames Television Limited for six years and before that he was chief executive of the London Weekend Television Limited for six years. He joined LWT in May, 1974 and was appointed sole managing director in June, 1976.
- Mr. Victor Gardiner (47)**
He was previously head of audio production for Radio Television Limited for five years and before that he was with the BBC for a number of years. He joined the Board of LWT in 1969 as production controller and became general manager in 1970.
- Mr. Michael Grade (34)**
A chartered accountant for a period of four years joint managing director of London Management and Representation Limited, a theatrical agency. He joined LWT as financial controller in December, 1976 and was appointed director of programmes and also executive producer of LWT in May, 1977.
- Mr. Peter McNally (44)**
A chartered accountant, he was previously group financial manager of Staveley Industries Limited. He joined LWT in 1969 as financial controller, and was appointed a director in 1973.
- Mr. Ron Miller (61)**
He was previously with Anglia Television Limited for three years at which his last post was London sales manager. He spent a total of thirteen years within the television industry before joining LWT in 1971. He was appointed sales director in 1973.

Staff

Approximately 1,200 staff are employed by the Company and its subsidiaries, almost all of whom work for LWT. Approximately 800 staff are involved directly in programme production, engineering and visual services. There is in operation a contributory pension scheme which, alongside other benefits, provides for pensions on retirement the age of 60. The Company provides a number of facilities for staff and enjoys good relations with all employees, both union and non-union. The Company and its subsidiaries have suffered little, if any, by way of industrial action since the first few weeks of transmission in 1968.

Properties

Studio
Studio Wycombe Road, Wembley
The Company owns a complex at Wembley comprising a large 7,500 square feet studio, outside broadcast garage, storey storage accommodation and ancillary technical and office spaces. It also includes the London Control Centre for the transmission of television programmes derived from the BBC and ITV to the British Forces stationed in Germany, which is operated by LWT technicians.

Leasehold

South Bank Television Centre
The South Bank Television Centre comprises a studio complex and tower office block. The Company occupies a total of approximately 287,000 square feet of which approximately 234,000 square feet relates to the studio complex and approximately 53,000 square feet to part of the office block.
Occupation is under a series of agreements with CIN Properties Limited ("CIN") who financed the construction of the complex. The funds provided by CIN to finance the construction amounted in total to £7.51 million. Of this figure, £5.3 million is a loan to the Company, secured on its long leasehold interest in the South Bank Television Centre, and is repayable in the year 2003 or earlier at the option of the Company. The undertakes originally granted to LWT by CIN for studios and offices are both dated 2nd December, 1976 and run for 49 years from 25th September, 1969 with an option to extend for a further 25 years. The Company pays rent and interest amounting to £781,000 per annum, subject to review in 1978 and at seven year intervals thereafter. The reviews in 1978 and 1988 are based on a formula, the application of which would result in the amount payable by the Company being approximately 82 per cent. of the estimated current market rental of the property.
The upper nine floors of the office block are subject to the Department of the Environment until 28th February, 1980, at an annual rental of £428,050, subject to review in 1976, 1983, 1988 and 1993.

25/28 Old Burlington Street, W1
The Company rents the offices on the first floor rear, the second floor and the third floor rear of this property. The lease expires in September, 1982, and the offices are subject. New rents have been established following a review under the leases in February, 1977, and the Company enjoys a profit rental of £3,000 per annum.

Zoal House, Aldenham Road, Aston, W3
This property is occupied by DTL on a short lease, which expires in September, 1982, at a rental of £8,500 per annum, exclusive.

Other Properties
Several other occupied premises in Leeds under a 25 year lease from 18th November, 1976, and several other small properties are leased, terminable on six months' notice by either party, which premises are used for the storage of scenery and other production items. The total annual rental payable is approximately £18,350. The Company is

currently negotiating with Glenferr Finance Corporation Limited for a sub-lease of approximately 38,400 square feet of property at Prices Wharf, Upper Ground, adjacent to the east side of the South Bank Television Centre. There are no plans to acquire any other premises of material significance.

Profits and Dividends

Profits
The exchange levy is a special tax imposed upon independent programme contractors by the Government under the provisions of The Independent Broadcasting Authority Act 1974. The rate of the levy is variable and is currently 6.7 per cent. of the pre-levy profits which are computed on a formula contained in the above mentioned Act.

As shown in the accounts' report below, the consolidated profits of the Company and its subsidiaries before exchange levy and taxation have risen from £4.28 million in 1972 to £3.10 million in 1976. The profits after exchange levy and before taxation for the same period increased from £2.25 million to £2.70 million.

The improvement in profitability reflects not only a substantial increase in advertising revenue, but also increases in the levels of sales of programme overseas and investment income.

For the 28 weeks ending 23rd January, 1977, the profits of the Company and its subsidiaries after exchange levy and before taxation, amounted to £2.53 million. This compares with unaudited profits of £2.31 million for LWT and its then subsidiaries for the first half of the previous year.

The directors forecast that, in the absence of unforeseen circumstances, the consolidated profits of the Company and its subsidiaries after exchange levy and before taxation for the 52 weeks ending 25th July, 1977 will be of the order of £3.3 million.

The principal assumptions upon which this forecast is made are set out under "Profit Forecast" below.

Dividends

The directors declared an interim dividend of 5.6875 pence per share on 28th April, 1977, which was paid on 4th May, 1977. This interim dividend adjusted for the capitalisation issue is equivalent to 6.4575 pence per share.

By resolution of the directors' present intention, in the absence of unforeseen circumstances, to recommend a final dividend of 3.25 pence per share for payment in December, 1977, which together with the adjusted interim dividend amounts in total to 9.7075 pence per share on the issued share capital, as increased by the capitalisation issue, in respect of the 52 weeks ending 25th July, 1977. With associated tax credits at the rate of 50/100ths, the total gross equivalent dividend amounts to 9.7075 pence per share.

It is the directors' present intention that future interim and final dividends will be paid in April and December each year, respectively.

Appropriation of profit

The following table sets out how the forecast profit after exchange levy and before taxation of £2.53 million would be appropriated—

	£'000
Profit before taxation	2,530
Less: corporation tax at 25 per cent.	(633)
Profit after taxation attributable to shareholders	1,897
Less: dividends totalling 6-09375p per share	(190)
Profit retained	1,707

On this basis the dividends would be covered 2.8 times by the profit attributable to shareholders.

Prospects

In accordance with the directors' continuing policy of expanding the range and scope of LWT's programmes they have budgeted for a substantial increase in programme expenditure for the financial period to July, 1978, the benefits of which will extend over several weeks and will consequently not be fully reflected in the period to July, 1978. Similarly, in line with the policy of purchasing LWT's equipment in the most up-to-date and efficient condition, they have also planned for an increase in capital expenditure. It is not possible to forecast the profits for that financial period as these will depend primarily on the level of net advertising revenue actually earned, and experience shows that this cannot be predicted with a sufficient degree of accuracy. While the directors are budgeting for an increase in net advertising revenue, the extent of such an increase may well be insufficient, taking into account the increased expenditure referred to above, to produce a profit for the period to July, 1978 that would match that forecast for the current year.

Regarding the longer term, as previously stated, LWT's existing contract with the IBA expires in July, 1979. Although the renewal of the contract is subject to the discretion of the IBA and as, therefore, not to be taken for granted, the directors believe there will be a permanent place in the future of the television industry for an experienced and well equipped company with established management and programme expertise.

Apart from the operation of the television franchise which it, and will always remain, the Company's prime purpose is the Company's policy to pursue a broadening of its activities by making appropriate acquisitions of a compatible nature, as opportunities arise, in order to widen the revenue base. The directors will consider acquisitions in secondary areas which, while fully compatible with the Company's main activity of providing the best possible television services, are less directly dependent on the fluctuating level of television advertising revenue.

The Company's ability to finance such diversification is demonstrated by the level of liquid resources currently available. Its acquisition is at present, under careful consideration, and it should be noted that no acquisition may be made at any time, other than with the consent of the IBA.

Accountants' report

The following is a copy of a report by Peat, Marwick, Mitchell & Co. Chartered Accountants—

The Directors,
LWT (Holdings) Limited,
Samuel Montagu & Co. Limited
14th June, 1977

Gentlemen,
We have examined the audited accounts of LWT (Holdings) Limited (the "Company") and its subsidiary companies for the periods relevant to this report. These accounts were prepared under the historical cost convention as supplemented by valuations of long leasehold interests and of the technical equipment of the principal subsidiary, London Weekend Television Limited ("London Weekend"). We have been auditors of the Company and its subsidiaries in respect of all the relevant accounting periods.

The Company was incorporated on 20th January, 1976 and pursuant to an offer dated 13th May, 1976 acquired the whole of the issued share capital of London Weekend in exchange for shares. The figures shown in this report include those relating to the Company from 25th January, 1976. The figures for the periods prior to that date are those of London Weekend and its then subsidiaries, all of which became direct subsidiaries of the Company on 24th June, 1976. The Company and its subsidiaries are collectively referred to as "the Group".

The summarized profit and loss accounts, balance sheets and sources and application of funds statements set out below are based on the audited accounts after making such adjustments as we consider appropriate. In our opinion, the summaries together with the notes thereon give, under the convention stated above, a true and fair view of the profits of the Group and of the sources and application of funds for the periods stated and of the state of affairs of the Company and of the Group at the dates stated.

The audited interim accounts for the 28 weeks ended 23rd January, 1977 will not be laid before the shareholders in general meeting. No audited accounts of the Company or any of its subsidiaries have been made up in respect of any period subsequent to 23rd January, 1977.

PROFIT AND LOSS ACCOUNTS

	28 weeks ended 23rd January 1977	28 weeks ended 23rd January 1976	28 weeks ended 23rd January 1975	28 weeks ended 23rd January 1974	28 weeks ended 23rd January 1973
Turnover	1,872	1,873	1,874	1,875	1,876
Operating expenses	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Profit before taxation	672	673	674	675	676
Less: corporation tax	(168)	(168)	(168)	(168)	(168)
Profit after taxation	504	505	506	507	508
Less: dividends	(190)	(190)	(190)	(190)	(190)
Profit retained	314	315	316	317	318

Handwritten signature: J. J. Collins

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Interest rate cut prompts early rally Forward £ firm

PRICES MOVED broadly higher in active early trading on Wall Street to-day, with investors encouraged by Morgan Guaranty's prime rate reductions announced yesterday.

Gold prices advanced 34 to \$361.50, Esmark added 34 to \$331.50, and the company is proceeding with its proposed tender offer for Inmont late yesterday.

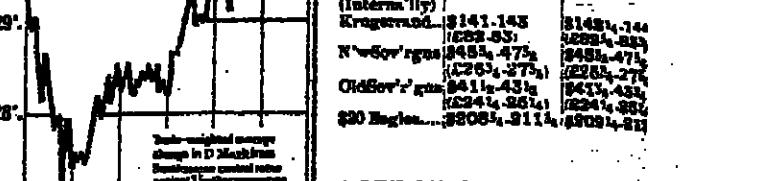
Forward sterling was slightly firmer in the foreign exchange market yesterday, with the three-month discount against the U.S. dollar narrowing to 1.80 cents from 1.92 cents.

Activity was at a fairly low level, with most currencies showing little movement, although the Japanese yen was weaker, probably reacting to profit-taking after the recent improvement. The yen closed at ¥272.37 in terms of the dollar, compared with ¥271.73 previously.

Closing prices and market reports were not available for this edition.

Prices advanced in early trading on Canadian Stock Markets yesterday and at noon only Golds were pointing lower.

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U.S. \$ in Montreal U.S. \$ in New York U.S. \$ in London U.S. \$ in Zurich

MONDAY'S ACTIVE STOCKS

Table with columns: Stock Name, Change, Price. Includes 20th Century Fox, Columbia Pictures, Gas/Electric, etc.

OTHER MARKETS

Canada higher Prices advanced in early trading on Canadian Stock Markets yesterday and at noon only Golds were pointing lower.

SPECIAL DRAWING

One SDR is equal to 0.678948 U.S. dollars. The drawing will be held on June 15, 1977.

FOREIGN EXCHANGES

Table with columns: Location, Rate, Change. Includes New York, London, Zurich, etc.

INDICES

NEW YORK - DOW JONES

Table with columns: Date, High, Low, Close, Change. Shows Dow Jones index performance from June 13 to June 15, 1977.

INDICES

MONTREAL

Table with columns: Date, High, Low, Close, Change. Shows Montreal index performance from June 13 to June 15, 1977.

EXCHANGE CROSS-RATES

Table with columns: Location, Rate, Change. Shows cross-rates for Frankfurt, New York, London, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Rate, Location. Shows interest rates for various terms and locations.

STANDARD AND POOR'S

Table with columns: Date, High, Low, Close, Change. Shows Standard and Poor's index performance from June 13 to June 15, 1977.

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FORWARD RATES

Table with columns: Term, Rate, Location. Shows forward rates for various terms and locations.

OVERSEAS SHARE INFORMATION

NEW YORK

Table with columns: Stock Name, Price, Change. Lists various overseas stocks and their performance.

CANADA

Table with columns: Stock Name, Price, Change. Lists various Canadian stocks and their performance.

AMSTERDAM

Table with columns: Stock Name, Price, Change. Lists various Amsterdam stocks and their performance.

TOKYO

Table with columns: Stock Name, Price, Change. Lists various Tokyo stocks and their performance.

AUSTRALIA

Table with columns: Stock Name, Price, Change. Lists various Australian stocks and their performance.

BRUSSELS/LUXEMBOURG

Table with columns: Stock Name, Price, Change. Lists various Brussels/Luxembourg stocks and their performance.

PARIS

Table with columns: Stock Name, Price, Change. Lists various Paris stocks and their performance.

SWITZERLAND

Table with columns: Stock Name, Price, Change. Lists various Swiss stocks and their performance.

COPENHAGEN

Table with columns: Stock Name, Price, Change. Lists various Danish stocks and their performance.

MILAN

Table with columns: Stock Name, Price, Change. Lists various Italian stocks and their performance.

VIENNA

Table with columns: Stock Name, Price, Change. Lists various Austrian stocks and their performance.

STOCKHOLM

Table with columns: Stock Name, Price, Change. Lists various Swedish stocks and their performance.



FARMING AND RAW MATERIALS

EEC bids to boost sugar sales

By Our Commodities Staff

THE EEC Commission has extended the validity of its sugar export licences by one month to bid to boost interest in its weekly export tenders.

The extension takes effect today and will apply to tenders approved in Brussels this morning. Approval for this year was rushed through the Commission after a poor response to last week's tender when licences were issued for only 13,250 tonnes, compared with 35,942 tonnes the week before.

The trade has been pressing for a step-up in export licences to help sales in a depressed world market. But the Commission, ever wary of disturbing trade and attracting accusations of dumping, elected to adopt a more subtle inducement.

The Commission still has to issue about 350,000 tonnes of its 1.7m. tonnes exportable surplus. The sugar marketing year closes at the end of July. The Commission is expected to lift a tonne. This is the lowest level since January.

The futures market recovered after a brief morning dip. It closed more than £2 the October position recovered in the afternoon and closed only £0.375 down on Monday's value at £121.575 a cane.

Tin prices fall steeply on London Metal Exchange

BY JOHN EDWARDS, COMMODITIES EDITOR

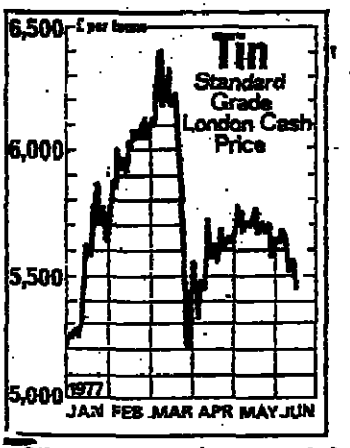
TIN PRICES fell sharply on the London Metal Exchange yesterday, but a rally in later trading reduced the earlier losses. In a day of widely fluctuating prices cash tin closed £90 lower at £5,450 a tonne. Three months was £98.5 down at £5,539 after trading at £5,460.

The decline was attributed to a fall in Penang overnight, indicating a lack of consumer demand and the general depression in the metal markets, including gold.

The big fall came in the morning when an apparently significant chart showing tin at £5,580 for three months tin was breached, bringing in a burst of sales which drove the market down more than £100.

The decline in tin prices comes when rises in the International Tin Agreement floor and ceiling ranges are expected to be recommended by a special price review panel of the International Tin Council, which is due to meet again next week.

The Penang price, even after falling to \$31,416 a picul, is still \$3M91 above the present agreement ceiling.



The plant is reported to be operating at about 95 per cent of capacity.

Meanwhile at the three-day International lead-zinc conference which started in London yesterday radical changes in the battery industry—the main outlet for lead—were forecast. Mr. Anthony Sabatino, president-general manager of the automotive battery division of Gould, a leading U.S. battery maker, predicted that by 1980 "maintenance free" batteries without filler caps would have 70 per cent of the U.S. market, and low-antimony batteries 20 per cent, leaving present conventional lead-antimony batteries with less than 10 per cent of sales.

Kaiser Aluminum and Chemical said it increased the price for primary aluminum input by 2 cents to 53 cents a pound, effective from July 1. Prices outside the U.S. will be increased to the same level.

Kaiser attributed the price rise to the labour contract signed last month and higher energy and material costs.

Commodities Staff writer: The FAS Brazilian estimate is well above local indications. The Brazilian Coffee Institute said the total was unlikely to exceed 13.5m. bags, a 1.4 per cent increase on the previous year's crop. It said that the FAS is sticking to its 9.5m. bags figure for 1977-78. Most other observers believe that crop will be 8m. bags, a 1.4 per cent increase on the previous year's crop. It said that the FAS is sticking to its 9.5m. bags figure for 1977-78. Most other observers believe that crop will be 8m. bags, a 1.4 per cent increase on the previous year's crop.

World rice estimate cut

WASHINGTON, June 14

China in late May showed "almost consistently excellent crops and transplanting conditions."

The report, produced at a conference of U.S. Asian regional agricultural attaches, said: "With the drought easing, particularly in the south—the major double cropping area—the prospects for early rice are outstanding."

It gave no estimate for the likely production but said rice output in China last year was estimated at about 128m. tonnes, about 5 per cent more than in 1976.

Indicating the outlook for other Chinese crops this year, the report said the extremely cold winter and severe spring drought caused limited damage—but worse than previously estimated—to the winter wheat crop, especially in the leading growing regions of Honan, Shantung and Hopei.

"Although it had been estimated earlier that reduced yields would lower production by possibly only 5 per cent, a field trip in late May through China's major winter wheat area has cast doubt on the prospects for 1977-78, at least at 64m. tonnes, 4.3m. above the 1976-77 level."

World consumption of grain in Reuter

WASHINGTON, June 14

The 1977-78 season is forecast at 1,057.7m. tonnes compared with 1,053.2m. previously estimated and 1,046.9m. consumed in the 1976-77 season.

The FAS repeated its estimate of world trade in total grain in the 1977-78 season at 151.7m. tonnes, but slightly raised the forecast for world trade in the 1976-77 season to 152.4m. tonnes from 150.8m.

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No decision on cocoa pact prices

ACTUALLY NO progress towards a new price pact for cocoa was made at talks which ended in London yesterday. Delegates to this week's executive committee meeting decided that deliberations would have to be held over till next month's general council meeting.

In March consumers proposed a price range of 52-68 cents a pound in response to a producer offer of 75-91 cents. The existing range is 39-56 cents, which compares with market prices of more than 200 cents.

On the London futures market cocoa prices rallied following today's fall despite the announcement of lower Dutch May findings. The September position closed at £2,739.75 a tonne, up £22.75 on the day.

Dutch May findings in May totalled 10,540 tonnes against 6,650 in April, according to Central Statistics Office figures. London market sources said forthcoming second quarter findings figures from major cocoa consuming countries were expected to be lower.

Grain forecast trimmed

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World consumption of grain in Reuter

World coffee crop rise estimated

WASHINGTON, June 14

A 14 per cent rise in the world coffee crop is forecast by the U.S. Agriculture Department's Foreign Agricultural Service, which puts the 1977-78 total at 70.4m. bags (60 kilo each), against 61.5m. in the 1976-77 season. But the estimate includes a badly disrupted figure for the Brazilian crop.

The FAS said the increased output was due largely to a partial recovery in the Brazilian crop to an estimated 17m. bags—about 80 per cent higher than 1976 production, but still well below the pre-1975 frost levels of about 25m. bags.

It estimated world exportable production at 32.8m. bags, up from 24.4m. in the 1976-77 season and 33.4m. in 1975-76.

Increased production was also expected in most Central American producing countries, mainly El Salvador.

Columbian coffee production in the 1977-78 season was expected to be up by about 0.5m. bags.

Production in Africa was estimated to be 2.2m. bags, below the 1976-77 crop, mainly due to poor prospects for the Ivory Coast, the largest producer in Africa.

Commodities Staff writer: The FAS Brazilian estimate is well above local indications. The Brazilian Coffee Institute said the total was unlikely to exceed 13.5m. bags, a 1.4 per cent increase on the previous year's crop. It said that the FAS is sticking to its 9.5m. bags figure for 1977-78. Most other observers believe that crop will be 8m. bags, a 1.4 per cent increase on the previous year's crop.

Potato Board rapped over low standards

BY CHRISTOPHER PARKES

THE POTATO Marketing Board has earned itself a ticking-off from the Consumers' Committee for Great Britain for not being tough enough with farmers and merchants who sell sub-standard potatoes.

The committee also warned that the European Commission's potato marketing scheme, which is supposed to replace the national arrangement at the end of the year, would keep prices unnecessarily high.

Dr. Janet Cockerroft, chairman of the group investigating the P.M.B. said at a Press conference yesterday that she was most concerned about the apparent lack of effort being put into maintaining the quality of potatoes in the shops at a consistently high level.

When potatoes were cheap, few people complained about poor quality. But the day of the cheap potato is over.

The committee set up under the Agricultural Marketing Act, is responsible for reporting to Ministers on the effect of farm marketing schemes on consumers and considering complaints from the public.

Although it is independent of the Ministry of Agriculture its powers are limited to monitoring the activities of the marketing boards for milk and potatoes.

Dr. Cockerroft said she was worried about the differences between the committee's findings and those of the P.M.B. The marketing board had set a limit on permissible wastage of 5 per cent. But 53 per cent of people who made the committee's enquiries claimed that at least 10 per cent of their potato purchases went in waste. And 13 per cent

of respondents reported wastage of 25 per cent or more.

Most complaints were about disease, greening and mechanical damage.

Only about half the 2,500 people who filled in the questionnaire thought they were getting value for money.

A report published by the committee yesterday said: "We were disturbed by the difference in conclusions on consumer attitudes reached by the board and those which emerged elsewhere.

On the enforcement of grading standards we formed the view that the board's impressive statistics were not consistent with consumer reaction. For example, the board indicates that only 0.81 per cent of samples inspected in retailers' premises in 1976-77 were sub-standard."

The committee recommends an improvement in grading standards and "the greater use of penalties on producers who market sub-standard potatoes."

Mr. T. Arfon Owen, a member of the committee, said the P.M.B. seemed to believe the cost of dressing low-quality or badly graded potatoes was negligible enough in itself. "We want to get rid of rogue producers. The Board has the power, but there is no evidence that it is using it to eliminate poor producers."

In its last report in 1972 the committee recommended action to prevent poor quality tubers reaching the shops, but little had been done. A recommendation that sacks should be marked with the grower's, or dresser's, identity had, however, been followed through. Since 1974 the P.M.B. had run a voluntary scheme

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Only about half the 2,500 people who filled in the questionnaire thought they were getting value for money.

A report published by the committee yesterday said: "We were disturbed by the difference in conclusions on consumer attitudes reached by the board and those which emerged elsewhere.

On the enforcement of grading standards we formed the view that the board's impressive statistics were not consistent with consumer reaction. For example, the board indicates that only 0.81 per cent of samples inspected in retailers' premises in 1976-77 were sub-standard."

The committee recommends an improvement in grading standards and "the greater use of penalties on producers who market sub-standard potatoes."

Mr. T. Arfon Owen, a member of the committee, said the P.M.B. seemed to believe the cost of dressing low-quality or badly graded potatoes was negligible enough in itself. "We want to get rid of rogue producers. The Board has the power, but there is no evidence that it is using it to eliminate poor producers."

In its last report in 1972 the committee recommended action to prevent poor quality tubers reaching the shops, but little had been done. A recommendation that sacks should be marked with the grower's, or dresser's, identity had, however, been followed through. Since 1974 the P.M.B. had run a voluntary scheme

Higher meat grant may be needed

BY CHRISTOPHER PARKES

THE 11m.-month subsidy paid from the U.K. Exchequer to maintain jobs in the Northern Ireland meat industry may have to be increased when it comes up for review at the end of this month.

Industry experts say that after the extension to-day of the Common Market MCA expert subsidies on cattle shipped from the Republic to the North, meat factories could soon find themselves short of work again.

In recent months large numbers of cattle from the Republic have been sent north, attracted by the profitable combination of the MCA and the national Meat Industry Employ-

ment Subsidy (MIES). These have been worth as much as £130 a beast.

The loss of the MCA, alone worth £75 a head, is expected to cause a sharp reduction in this trade which so far this year has attracted 70,500 head of cattle from the Republic to the North. The comparable figure for last year was 42,862 animals.

Paradoxically, industry and Government officials in the North are still concerned about the continuing decline in livestock market prices as about 1p a pound higher. A steady flow of stock being smuggled south which has continued in spite of the

apparent attractions of the subsidies in the North.

The official figures show that in May 3,300 head of cattle were transported south. But an official in the Department of Agriculture in Northern Ireland guessed that three or four times this number were smuggled across the border last month.

These animals are desperately needed in northern meat factories which are already working at full capacity. Industry sources said they would be pressing for a "worthwhile" increase in the national subsidy to help keep the stock in the North.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

Copper—Liffe closed on the London Exchange at 100.00, up 0.05. Forward metal drifted from 100 to 100.25 during the morning on local news of interest and a rise in the price of the afternoon market. Copper closed at 100.00, up 0.05. Tin—Liffe closed at 5,450, down 90. Lead—Liffe closed at 205.00, up 0.50. Zinc—Liffe closed at 215.00, up 0.50. Nickel—Liffe closed at 1,100.00, up 0.50. Aluminium—Liffe closed at 53.00, up 0.50. Iron—Liffe closed at 100.00, up 0.50. Steel—Liffe closed at 100.00, up 0.50.

COFFEE

London opened slightly weaker with forward contracts being sold. The market was quiet and steady. The price of the day's crop was 100.00, up 0.05. The price of the day's crop was 100.00, up 0.05. The price of the day's crop was 100.00, up 0.05.

RUBBER

London opened on a steady basis. The market was quiet and steady. The price of the day's crop was 100.00, up 0.05. The price of the day's crop was 100.00, up 0.05. The price of the day's crop was 100.00, up 0.05.

SOYABEAN MEAL

London opened on a steady basis. The market was quiet and steady. The price of the day's crop was 100.00, up 0.05. The price of the day's crop was 100.00, up 0.05. The price of the day's crop was 100.00, up 0.05.

INDIAN CASTOR OIL EXPORT SUPPLY 'LIMITED'

NEW DELHI, June 14

India will have an estimated 10,000-15,000 tonnes of castor oil available for export for the rest of the year, the State Trading Corporation said today.

The government removed the ban on export of castor oil on May 20.

PRICE CHANGES

Commodity	Unit	Price
Wheat	100 lbs	100.00
Rice	100 lbs	100.00
Sugar	100 lbs	100.00
Coffee	100 lbs	100.00
Rubber	100 lbs	100.00
Soyabean Meal	100 lbs	100.00

S. Markets

Commodity	Price
Wheat	100.00
Rice	100.00
Sugar	100.00
Coffee	100.00
Rubber	100.00
Soyabean Meal	100.00

Coffee and cocoa fall; sugar eases

NEW YORK, June 13

PRECIOUS metals and copper closed higher on the New York market. Coffee and cocoa fell, while sugar eased.

Coffee—New York closed at 100.00, down 0.05. Cocoa—New York closed at 100.00, down 0.05. Sugar—New York closed at 100.00, up 0.05.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE

Chancery Division

Between JACOBAL LIMITED and the Matter of JACOBAL LIMITED

AND

Between JACOBAL LIMITED and the Matter of JACOBAL LIMITED

AND

Between JACOBAL LIMITED and the Matter of JACOBAL LIMITED

AND

Between JACOBAL LIMITED and the Matter of JACOBAL LIMITED

SILVER

London opened on a steady basis. The market was quiet and steady. The price of the day's crop was 100.00, up 0.05. The price of the day's crop was 100.00, up 0.05. The price of the day's crop was 100.00, up 0.05.

WHEAT

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

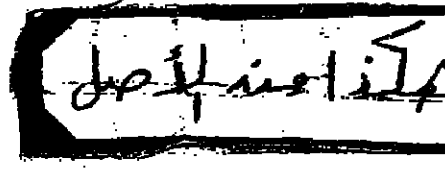


Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others with their respective performance metrics.

Table of Offshore and Overseas Funds listing international investment vehicles like Fidelity Mgmt. & Res. (Bda.) Ltd., Keamp-Gee Management Jersey Ltd., and others.

Table of Base Lending Rates listing various banks and their current lending rates, including B.N. Bank, Allied Irish Banks, and others.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds listing various financial products and services from companies like Abbey Life Assurance Co. Ltd., Equity & Life Assurance Co. Ltd., and others.

Table of Entertainment Guide (Cont.) listing theatres and cinemas with their current programmes and showtimes.

CLIVE INVESTMENTS LIMITED advertisement featuring contact information, a list of services like 'Clive Fixed Interest Capital', and a 'CORAL INDEX: Close 454.459'.

INSURANCE BASE RATES table listing rates for various insurance types such as Property Growth, Cannon Assurance, and others.



1 Camomile Street Telephone 01-623 7511 London EC3A 7HJ Telex 881181

FT SHARE INFORMATION SERVICE

INDUSTRIALS

CANADIANS

BUILDING INDUSTRY—Continued

DRAPERY AND STORES—Continued

ENGINEERING—Continued

BRITISH FUNDS

High	Low	Stock	Price	Div	Yield	Vol
101.00	99.00	Treasury 100	101.00	1.15	1.15	100
100.00	98.00	Treasury 200	100.00	1.15	1.15	100
100.00	98.00	Treasury 300	100.00	1.15	1.15	100
100.00	98.00	Treasury 400	100.00	1.15	1.15	100
100.00	98.00	Treasury 500	100.00	1.15	1.15	100
100.00	98.00	Treasury 600	100.00	1.15	1.15	100
100.00	98.00	Treasury 700	100.00	1.15	1.15	100
100.00	98.00	Treasury 800	100.00	1.15	1.15	100
100.00	98.00	Treasury 900	100.00	1.15	1.15	100
100.00	98.00	Treasury 1000	100.00	1.15	1.15	100

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	Bank of England	100.00	1.15	1.15	100
100.00	98.00	Bank of Scotland	100.00	1.15	1.15	100
100.00	98.00	Bank of Ireland	100.00	1.15	1.15	100
100.00	98.00	Bank of Montreal	100.00	1.15	1.15	100
100.00	98.00	Bank of Toronto	100.00	1.15	1.15	100

CHEMICALS, PLASTICS

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	ICI	100.00	1.15	1.15	100
100.00	98.00	Imperial Chemicals	100.00	1.15	1.15	100
100.00	98.00	British Petroleum	100.00	1.15	1.15	100
100.00	98.00	Shell	100.00	1.15	1.15	100
100.00	98.00	BP	100.00	1.15	1.15	100

ELECTRICAL AND RADIO

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	British Telecom	100.00	1.15	1.15	100
100.00	98.00	British Airways	100.00	1.15	1.15	100
100.00	98.00	British Electric	100.00	1.15	1.15	100
100.00	98.00	British Radio	100.00	1.15	1.15	100
100.00	98.00	British TV	100.00	1.15	1.15	100

ENGINEERING, MACHINE TOOLS

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	British Engineering	100.00	1.15	1.15	100
100.00	98.00	British Machine Tools	100.00	1.15	1.15	100
100.00	98.00	British Manufacturing	100.00	1.15	1.15	100
100.00	98.00	British Engineering Services	100.00	1.15	1.15	100
100.00	98.00	British Machine Tools Services	100.00	1.15	1.15	100

BEERS, WINES AND SPIRITS

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	British Beers	100.00	1.15	1.15	100
100.00	98.00	British Wines	100.00	1.15	1.15	100
100.00	98.00	British Spirits	100.00	1.15	1.15	100
100.00	98.00	British Beer & Wine	100.00	1.15	1.15	100
100.00	98.00	British Spirits & Wine	100.00	1.15	1.15	100

CINEMA, THEATRES AND TV

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	British Cinema	100.00	1.15	1.15	100
100.00	98.00	British Theatres	100.00	1.15	1.15	100
100.00	98.00	British TV	100.00	1.15	1.15	100
100.00	98.00	British Cinema & Theatres	100.00	1.15	1.15	100
100.00	98.00	British TV & Theatres	100.00	1.15	1.15	100

DRAPERY AND STORES

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	British Drapery	100.00	1.15	1.15	100
100.00	98.00	British Stores	100.00	1.15	1.15	100
100.00	98.00	British Fashion	100.00	1.15	1.15	100
100.00	98.00	British Drapery & Stores	100.00	1.15	1.15	100
100.00	98.00	British Fashion & Stores	100.00	1.15	1.15	100

FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	British Food	100.00	1.15	1.15	100
100.00	98.00	British Groceries	100.00	1.15	1.15	100
100.00	98.00	British Retail	100.00	1.15	1.15	100
100.00	98.00	British Food & Groceries	100.00	1.15	1.15	100
100.00	98.00	British Retail & Groceries	100.00	1.15	1.15	100

AMERICANS

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	IBM	100.00	1.15	1.15	100
100.00	98.00	General Electric	100.00	1.15	1.15	100
100.00	98.00	AT&T	100.00	1.15	1.15	100
100.00	98.00	IBM Corp	100.00	1.15	1.15	100
100.00	98.00	General Electric Corp	100.00	1.15	1.15	100

AMERICANS

High	Low	Stock	Price	Div	Yield	Vol
100.00	98.00	IBM	100.00	1.15	1.15	100
100.00	98.00	General Electric	100.00	1.15	1.15	100
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100.00	98.00	General Electric Corp	100.00	1.15	1.15	100

Conversion factor 0.7087 (0.7134)

Handwritten signature or stamp

STEEL from John Williams -it pays CARDIFF 33622



Chairman poses three questions

BY IAN BREACH IN WHITEHAVEN

THE WINDSCALE planning inquiry opened in Whitehaven yesterday with participants being asked by the chairman, Mr. Justice Parker, to address themselves to three basic questions.

ment, must decide whether to allow British Nuclear Fuels to proceed with its proposed expansion of the Windscale plant.

circumstances, reprocessing was the most suitable option, from both economic and environmental points of view.

sations and from an equal number of individual objectors.

Other groups challenged British Nuclear Fuels to substantiate the economic claims made in support of its application.

Bhutto calls new poll

MR. ZULFIKAR ALI BHUTTO, the Pakistan Prime Minister, last night admitted defeat in the three-month post election struggle with the Opposition, and announced he would hold new general elections before the end of the year.

Early renewal of Middle East talks now unlikely

BY OUR FOREIGN STAFF

PROSPECTS FOR an early resumption of peace talks in the Middle East appeared to vanish yesterday when Mr. Menachem Begin, leader of the Right-wing Likud bloc, set out to form a hard-line coalition government.

between Israel and Jordan and in refusing to have any talks with the PLO, the Likud and the religious parties are no different from the defeated Labour Party.

major reversal of Israeli policy. To have any talks with the PLO, the Likud and the religious parties are no different from the defeated Labour Party.

No closed shop for worker directors

By Christian Tyler, Labour Correspondent

GOVERNMENT Ministers told the TUC yesterday that Parliament would not accept industrial democracy legislation that restricted the nomination and election of worker-directors to trade union members.

Government drops devolution Bill from this session

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT will bring forward in the next session legislation on devolution, in the hope—but with no guarantee—that this will fare better than the first Scotland and Wales Bill which perished four months ago.

set-up assemblies in Edinburgh and Cardiff this session, but was determined to make a new attempt next Parliament.

powers for the new assemblies which the Liberals previously have been adamant as well as the tempting possibility of splitting the legislation into two smaller Bills, dealing separately with Scotland and Wales.

Weather

U.K. TO-DAY: OUTBREAKS of rain, but mainly dry in the north. Generally cool. London, S. England, E. Anglia, Midlands, Channel Is., S. Wales.

Smooth start for the BP offer

THE LEX COLUMN

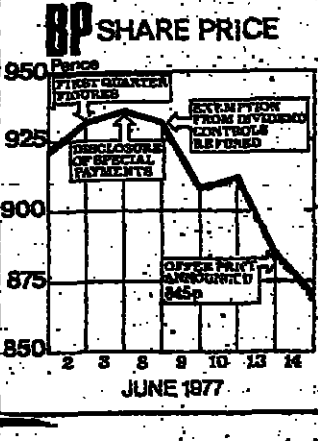
The placing power of the City's new issue machinery was never used more effectively than yesterday, when between 9.15 and 3 o'clock ten banks and five firms of brokers tied up the sub-underwriting for 555,000 shares of BP shares.

Index rose 7.3 to 455.4

per share, or even higher if the demand looks strong enough.

Hardsell

So long as the North Americans think BP is attractive at that kind of level the London price can remain firm. To reinforce this effect the Bank of England is going to some lengths to maintain separate markets in the shares: applicants to the London offer will have to declare that they do not intend to sell allotments to North Americans.



BP SHARE PRICE

Option

To a buyer of BP, the market price of the shares already in non-Government hands would have to be \$200 or less to be competitive. And that is ignoring the option element which arises from the opportunity to take a geared-up view on the oil sector for most of the remainder of the year.

Comforting news

But general approval for the offer was demonstrated in a way that the 30-Share Index on 7.3 points on the day, may partly reflect simple relief that the first stage of the give marketing exercise has been completed.

Continued from Page 1

BP offer

from the OPEC countries, BP's exploration and development outside the OPEC area have become increasingly important.

BUNZL PULP & PAPER LTD REPORT AND ACCOUNTS 1976

The 37th Annual General Meeting of Bunzl Pulp & Paper Ltd. was held on 14th June 1977 at the Great Eastern Hotel, London EC2. The following are extracts from the Report and Accounts for the year ended 31st December 1976.

Table with columns for 1976 and 1975, showing financial results like Net assets employed, Turnover, Group surplus before taxation, etc.

May retail sales stay low with outlook still gloomy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN shops during May remained at around the lowest level for five years for the third consecutive month and the retail trade expects little significant improvement until next year.

RETAIL SALES VOLUME

Table showing Retail Sales Volume (Seasonally adjusted) for 1976 and 1977 across different months.

Mr. Richard Weir of the Retail Consortium said yesterday that he expected the volume of spending to remain at around the current level for the rest of 1977.

TUC

Peter Riddell, Economics Correspondent, writes: Mr. Healey urged the clearing banks yesterday to resist the decision of their employees' staff associations to miss out a Phase Two settlement in the hope of gaining a better deal after the end of July.

BUSINESS CENTRES

Table showing Business Centres with columns for Mid-day and Year-to-date.

HOLIDAY RESORTS

Table showing Holiday Resorts with columns for Mid-day and Year-to-date.